On the Eve of our Founder-Chancellor's Birthday 2024

"YOU ARE NEVER TOO SMALL TO MAKE A DIFFERENCE."

Peter F Drucker

Champion of Management

"A leader is a dealer in hope."

Faculty of Management Studies

Dr. M.G.R.
EDUCATIONAL AND RESEARCH INSTITUTE
DEEMED TO BE UNIVERSITY
University with Graded Autonomy Status
(An ISO 21001 : 2018 Certified Institution)
Periyar E.V.R. High Road, Maduravoyal, Chennai-95. Tamilnadu, India.

Peter F Drucker

Champion of Management

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Contents

Peter Drucker

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S. No.	Chapter Heading	Pages
1	100 Years of Peter Drucker	1
2	Multi-faceted Personality	2-5
3	The Drucker Institute	6-11
4	Drucker - Biography	12-17
5	JUSE - Org	18-25
6	Learning to Manage	26-31
7	Time Management Method	32-37
8	Quotes of Peter Drucker	38-47
9	Tributes by NYU	48-99
10	The Relevance of Peter Drucker	100-105
11	Father of Modern Management	106-111
12	Tributes to Drucker	112-122
13	Top FIVE (Cases)	123-145
14	His Books	146-161
15	Contributions of Drucker	162-167
16	Timeline	168-170
17	Cartoons on Management	171-195
18	Why read Peter Drucker?	196-209
19	PD: AWARDS 2024	210-213
20	Global Leaders	214-223

Dedication

JRD TATA

29 Jul 1904 <<:>> 29 Nov 1993

FOREWORD

"Management is doing things right;
leadership is doing the right things."

Drucker advised the American Red Cross, the Salvation Army, the American Heart Association, the Girl Scouts of America and many others. In 1991, he created the Peter F. Drucker Award for Nonprofit Innovation, which remains among the Drucker Institute's core programs.

Drucker, who received a doctoral degree in international and public law at the University of Frankfurt (1931), worked as a journalist in Germany but fled to England when Adolf Hitler rose to power in 1933. He remained in England until 1937, when he moved to the United States to work as an adviser to British banks and as a foreign correspondent for several British newspapers; he became a U.S. citizen in 1943. Drucker later taught at New York University (1950–71) and at Claremont Graduate University (1971–2005).

Although Drucker was known to shun the term *consultant*, it was through consulting that he wielded the greatest influence, starting with his 1943 invitation to analyze the organizational structure of the General Motors Corporation. The resulting book, *Concept of the Corporation*, offered the first complete assessment of a large corporation as a social institution. Drucker later served as a consultant to a number of corporations, organizations, and governments.

Peter Drucker's management theory embodies many modern concepts, including the following: (a) Decentralization, (b) Knowledge work, (c) Workforce development, (d) Corporate social responsibility, (e) Organizational culture and (f) Customer experience.

One of Drucker's most enduring ideas is "management by objectives," or MBO. Although it has come to mean different things to different people, the definition mostly agrees on is management in pursuit of shared organizational goals. The idea is simple: Employees at all levels work together to advance the business toward an agreed-upon destination. Each worker has an equal say, sharing their opinions on the destination. From there, teams establish business goals and delegate specific tasks according to skill sets and interests.

Peter F. Drucker crossed many boundaries as a writer, teacher, management consultant and business visionary. He's been called "the inventor of modern management" for good

reason. He believed in business as a human-driven enterprise that could be profitable *and* socially responsible.

This book – ***"PETER F DRUCKER – Champion of Management"*** – containing 20 chapters running into 225 pages makes an attempt to cover his life, his contributions and all events related to him. Some of his selected & best quotations (chapter 8) are provided to make the readers to learn and understand his specialised depth in the fields of management especially time-management.

The readers can know (chapter 3) about the 'Drucker Institute', its organisational structure, several educational programmes offered to executives, corporates, educational institutes, etc., Chapter 14 offers a list of his books together with the relevant web links to reach/learn them and also, the reviews - by specialists - of some of his selected books.

Chapter 9 is very important and interesting. It provides 50+ pages Tributes by New York University [The Alumni Magazine of NYU Stern "STERNbusiness"] under the heading "PETER DRUCKER, 1909-2005".

In this issue of STERNbusiness
we mark the passing of Peter Drucker,
the prolific and brilliant management theorist who spent
the most productive portion of his remarkably long and
influential career
New York University Graduate School of Business
Administration,
as Stern was then known.

Book provides (Chapter 17) several interesting cartoons on Management. The book is dedicated to JRD Tata.

It appears that the book is conceived, designed and executed with the aim/idea of offering several concepts/global events which may be found useful/interesting by the students, scholars, professionals and other stakeholders.

Dr G Gopalakrishnan
Provost
Dr MGR Educational and Research Institute

Drucker was the first to see that the developing world was turning into a "society of organizations," and the strength of our communities hinges on all of our institutions—private, public, and nonprofit—being effective and responsible. To him, the most significant ingredient to the success of these organizations was the presence of an effective executive, who had the skills and ability to "get the right things done", no matter what the size of the organization.

Drucker had seen firsthand what happens when society stops functioning, having witnessed the rise of the Nazis in the aftermath of the Great War and Depression. This was the central theme of the first of the 39 major books – The End of Economic Man – that he would publish throughout his extraordinarily long and productive career. "These catastrophes broke through the everyday routine which makes men accept existing forms, institutions and tenets as unalterable laws…They suddenly exposed the vacuum behind the façade of society."

He influenced and created nearly every aspect of business management as an academic and corporate process, including the key concepts of decentralization, privatization, and empowerment. Among his numerous sayings, the term "knowledge worker" has become central to our understanding of business culture.

From his early beginnings as a financial reporter in Frankfurt, Germany to his pioneering study of General Motors and the book that made his name—

The Concept of the Corporation—and his subsequent academic career, Dr Drucker has changed how we see business. At Claremont Graduate University, he helped develop one of the country's first Executive MBA programs for working professionals and later, the management school that now bears his name.

The Drucker School of Management evolved from his vision and his influence is woven throughout nearly every aspect of what we do, how we teach and shape our students' perspectives. From his first day on campus until his last class in 2002, he was a living, breathing exemplar of the values that we honour today, tomorrow and into the future.

This book – ***"PETER F DRUCKER – Champion of Management" -*** provides the several details of 'Peter Drucker Challenge Awards 2024' (Chapter-19) – GOLD AWARD, SILVER AWARD & BRONZE AWARD. Multi-faceted personality of Dr Peter Dructor is discussed in detail with the aid of some pictures and quotes (Chapter-2). Chapter-13 provides – with elaborate discussions/details - some selected situations/challenges [or case studies] wherein TOP 5 ways/tips/methods are used to resolve the issues.

Several selected cartoons on Management are available in Chapter-17; here all very important/useful principles of management are portrayed through colourful pictures. Chapter-11 on 'Father of Modern Management' provides the historical background about the concept of management.

Overall, book makes an attempt to give the concepts in respect of management through the years, origin of management, development of modern management, etc., which may be found very useful by the stakeholders and other researchers.

Prof Dr M Radhika Shree
Prof Dr S Ramalingam

100 Years of Peter F Drucker

[The Father of Management]

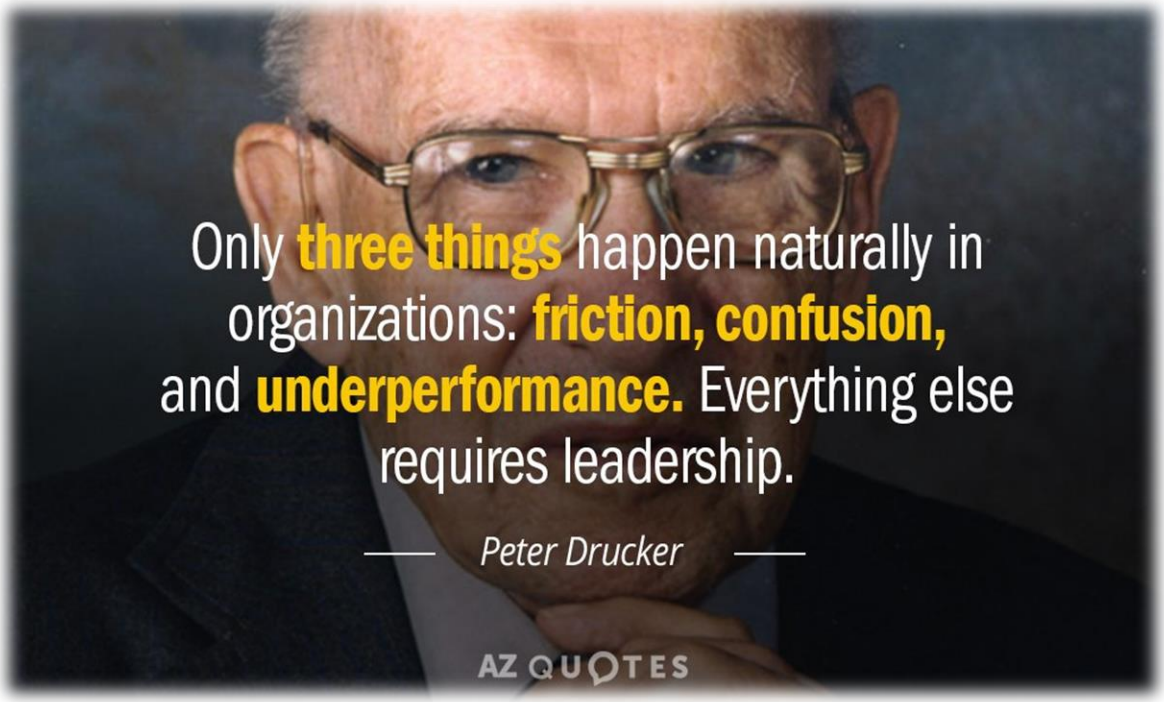
Author:

Prof Dr Fredmund Malik

Source:

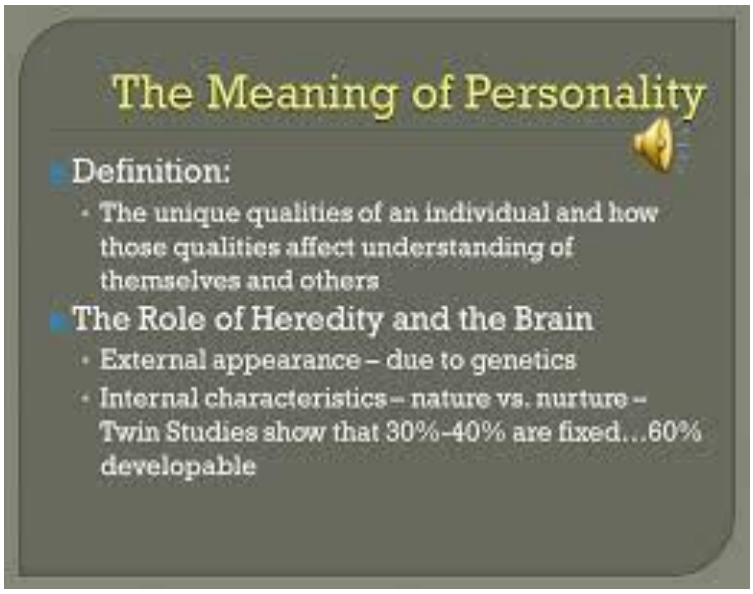
m.o.m. – LETTER

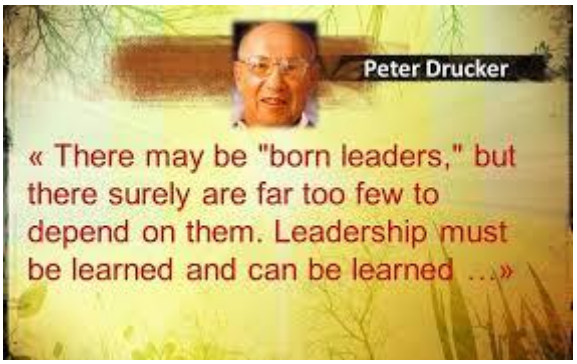
No.11/09, Volume 17 / November 2009


Only three things happen naturally in organizations: friction, confusion, and underperformance. Everything else requires leadership.
Peter Drucker
AZ QUOTES

https://www.malik-management.com/wp-content/uploads/2017/09/malik-letter-english-100-years-of-peter-drucker-11-2009-2.pdf

Multi-faceted Personality


The Meaning of Personality
Definition:
The unique qualities of an individual and how those qualities affect understanding of themselves and others
The Role of Heredity and the Brain
External appearance – due to genetics
Internal characteristics – nature vs. nurture – Twin Studies show that 30%-40% are fixed…60% developable


Peter Drucker
« There may be "born leaders," but there surely are far too few to depend on them. Leadership must be learned and can be learned …»

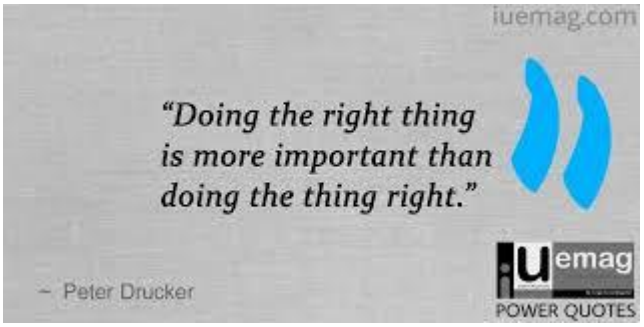
Consultant

In many cases, they were deceptively simple: Who is your customer? What have you stopped doing lately (so as to free up resources for the new and innovative)? What business are you in? For those who worked hard enough to puzzle out the answers, the experience could be truly profound. "If you weren't already in this business," Drucker asked Jack Welch when Welch became the CEO of General Electric, "would you enter it today? And if the answer is no, what are you going to do about it?" This led Welch to his pivotal strategy of fixing, selling or closing every business in which GE was not No. 1 or No. 2 in the market. Above all, Drucker pushed his clients to stop simply making plans and to start taking action. "Drucker purified my mind," said Donald Keough, the former president of Coca-Cola. "He would tell me after each session, 'Don't tell me you had a wonderful meeting with me. Tell me what you are going to do on Monday that's different.'"

"Drucker's imprint was broad, affecting companies across the world."

For instance, "Toyota operates exactly the way Drucker-san said a company ought to operate," Atsuo Ueda, an expert in the automaker's vaunted production system, has noted. But Drucker's imprint was also deep, as Jim Collins observed when he and Jerry Porras were researching their book Built to Last: "The more we dug into the formative stages and inflection points of companies like General Electric, Johnson & Johnson, Procter & Gamble, Hewlett-Packard, Merck and Motorola, the more we saw Drucker's intellectual fingerprints." The difference: Unlike so many consultants, Drucker wrote and thought "with such exquisite clarity," said Intel co-founder Andy Grove. That alone made him "a standout among a bunch of muddled fad mongers."

Teacher



He indulged a lot—lecturing on economics at Sarah Lawrence College beginning in 1939, teaching philosophy and politics at Bennington College from 1942 to 1949, serving as a management professor at New York University from 1949 to 1971, and holding the Marie Rankin Clarke Professorship of Social Science and Management at Claremont Graduate University from 1971 to 2002. Drucker gave his last lecture at CGU in spring 2005, not long before his death, at the age of 95.

Writer

Sometimes, if he wanted to be provocative, he'd say that he was a "social ecologist," observing our man-made environment the way a natural ecologist examines the biological world. Most of the time, though, he'd keep it simple:

"I'm a writer."

Interviewer: If you describe your occupation, would it be 'writer'?

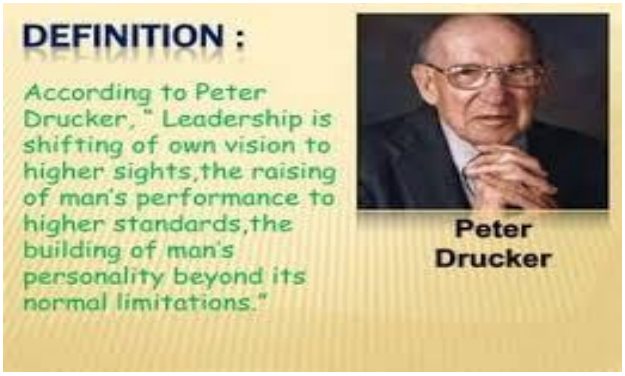
Drucker: I always say I write.

Interviewer: What, then, has inspired your books more than anything?

Drucker: The same thing that inspires tuberculosis. This is a serious, degenerative, compulsive disorder and addiction.

Interviewer: An addiction to writing?

Drucker: To writing, yes.


DEFINITION :
According to Peter Drucker, " Leadership is shifting of own vision to higher sights,the raising of man's performance to higher standards,the building of man's personality beyond its normal limitations."
Peter Drucker

Through some 10,000 book pages and countless articles, Drucker displayed incredible powers of observation—to "look out the window and see what's visible but not yet seen," as he put it. In fact, he discerned many of the major trends of the 20th century before almost anyone else did: the Hitler-Stalin pact, Japan's impending rise to economic power, the shift from manufacturing to knowledge work, the increasing importance of the social sector, the fall of the Soviet Union. Above all, he wrote about the need for all of our institutions to flourish in order to have a functioning society. In this way, "probably no writer of the second half of the 20th century has had more influence for the good," Jack Beatty, Drucker's biographer, has asserted. Drucker wrote 39 books in all. They were mostly about management, economy, polity and society, but there were two novels among them.

Guru

That was surely overstating things. But there is no doubt that they admired him. Tom Peters, the co-author of In Search of Excellence, called Drucker "the creator and inventor of modern management." Harvard's Rosabeth Moss Kanter once remarked that "Peter Drucker's eyeglasses must contain crystal balls because he anticipated so many trends." Michael Hammer, whose Reengineering the Corporation was the best-selling business book of the 1990s, commented: "I have had the privilege of sharing a podium with Peter Drucker; on such occasions, I felt as though I was playing back-up horn for the archangel Gabriel." As for Drucker, he actually hated being called a "guru." People used the word, he said, only because "charlatan" was too hard to spell.

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The Drucker Institute

https://drucker.institute/

The Drucker Institute at Claremont Graduate University was established in 1999 to collect and preserve the work of Peter F. Drucker, and make it available to scholars, students, and writers, and make his work and philosophy effective in the practice of management.

He was the first to see that the developing world was turning into a "society of organizations," and the strength of our communities' hinges on all of our institutions—private, public, and nonprofit—being effective and responsible. To him, the most significant ingredient to the success of these organizations was the presence of an effective executive, who had the skills and ability to "get the right things done", no matter what the size of the organization.

Drucker had seen firsthand what happens when society stops functioning, having witnessed the rise of the Nazis in the aftermath of the Great War and Depression. This was the central theme of the first of the 39 major books – *The End of Economic Man* – that he would publish throughout his extraordinarily long and productive career. "These catastrophes broke through the everyday routine which makes men accept existing forms, institutions and tenets as unalterable laws…They suddenly exposed the vacuum behind the façade of society."

Drucker was determined never to let things break down like that again and set out to help leaders build effective and responsible institutions, learning

much from rising corporate leaders, which helped inform the writing of some of his most popular books – *The Effective Executive, The Concept of the Corporation, The Practice of Management*.

This body of work shaped his image as "The Creator and Inventor of Modern Management." A label proclaimed for him by Tom Peters, who studied Peter's work and went on to become one of the most sought-after minds on management philosophy and practice.

1980s
The Claremont Graduate Center of Management was renamed the Peter F. Drucker Management Center in 1981; Drucker published eight new titles during the decade in addition to maintaining active teaching and consulting activities. In 1989, he produced *The Nonprofit Drucker*, a five-volume audio series featuring insights into the management of the social sector.
TITLES PUBLISHED IN THE 198
Managing in Turbulent Times
Toward the Next Economics and Oth
The Changing World of the Executiv
The Last of All Possible Worlds (fictio
The Temptation to Do Good (fiction)
Innovation and Entrepreneurship
Frontiers of Management
The New Realities

Even as he became best known, especially in The United States, as a writer on management, it was not his foremost concern. The majority of his books deal with community, society, and polity. He strongly believed that man in his social and political existence must have a functioning society where an individual has status in the community, function in society, and trust in their major institutions.

The work of society is carried out through the "society of organizations": (1) Public sector organizations in which the work of federal, state, and local government is carried out. (2) Private sector organizations, established to meet the economic needs and wants of citizens (3) Social sector (sometimes referred to as nonprofit) organizations to care for those health and welfare needs of citizens that are not met fully either by public or private sector organizations. For a society to function well, its organizations should be single-purpose institutions, while working together to leverage their resources to drive positive change.

If the institutions of our pluralist society of institutions do not perform with responsible autonomy, we will not have individualism and a society in which there is a chance for people to fulfil themselves. We will instead impose on ourselves complete regimentation in which no one will be allowed autonomy. Tyranny is the only alternative to strong, performing autonomous

institutions. Freedom is not so much a right as a duty. Real freedom is not freedom from something; that would be license. It is freedom to choose between doing or not doing something, to act one way or another, to hold one belief or the opposite.

Today the Institute and its mission – *Strengthening Organizations to Strengthen Society* – has helped it become a destination for those committed to a lifetime of learning. Its world-class executive education opportunities and leadership and management training are renowned for helping people manage with courage.

A lifetime of learning

Executive Education

"The only thing we know about the future is that it will be different."

– Peter F. Drucker

Peter Drucker established the Drucker Institute at Claremont Graduate University in 1999 to collect and preserve his work, make it available to scholars, students, and writers, and make his work and philosophy effective in the practice of management.

Hailed by BusinessWeek as "the man who invented management," Drucker directly influenced a huge number of leaders from a wide range of organizations across all sectors of society. Among the many: General Electric, IBM, Intel, Procter & Gamble, Girl Scouts of the USA, The Salvation Army, Red Cross, United Farm Workers and several presidential administrations.

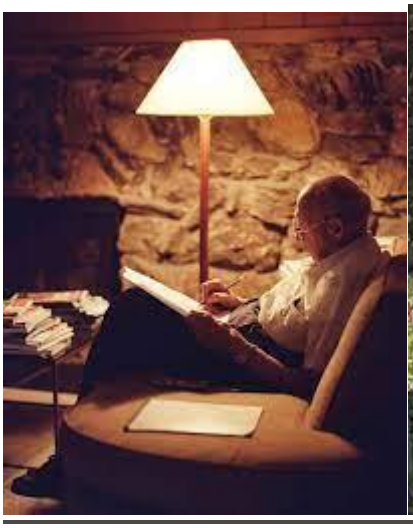
The Drucker Institute's Executive Education programs were developed to bring a blend of classic and new learning approaches informed by Peter's 39 books,

thousands of articles and classroom teachings to engage and encourage students, scholars, rising leaders, executives, organizations (public, social and private) and those who embrace the concept of "A Lifetime of Learning."

Drucker viewed management to be transdisciplinary and the Institute matches CGU faculty with our client's goals to customize progressive teaching techniques that move beyond traditional lecture and case methods. Several companies we have partnered with on executive education programs are – Microsoft, Amazon, Edward Jones, Verizon, and Kaiser Permanente, to name a few. Within these organizations, our touch points are senior executives who have decision-making authority, to support what Drucker believed is the best way to have an impact – to build on "islands of health and strength"—that is, to work on things that are already trying to happen. We believe that, too.

CURRENT PROGRAMS

The Drucker Institute's Leadership, Management and Executive Education programs bring a blend of classic and new learning approaches informed by Peter's 39 books, thousands of articles and classroom teachings to engage and encourage students, scholars, rising leaders, executives, organizations (public, social and private) and those who embrace the concept of "A Lifetime of Learning."
Several organizations who have benefitted from the Institute's executive education programs are – Microsoft, Amazon, Edward Jones, Verizon, and Kaiser Permanente, to name a few.



For Individuals: Management Certifications – Virtual & Hybrid Programs

The Drucker Institute is developing a portfolio of programs for rising and established leaders working within the Public, Private and Social sectors. The programs offer an opportunity to engage with proven learning methods that will improve participants' leadership, management, and analytical skills, while providing a practical playbook with tools to put Drucker's knowledge into practice. Each certification seeks to produce positive, measurable results in participants' professional development—and, most importantly, across the communities they serve.

New Program – Accepting Applications:

Purposeful Leadership in the Social Sector – Drucker Management Certificate
For who: this certification is for established or rising leadership and managers working within nonprofit organizations

Format: Online, Self-Paced Learning, with practical Drucker Institute Playbook Tools

Focus: Learn to place Purpose, Mission and Impact Results at the center of your organization according to Drucker's ideals, assess your organization's current positioning and strategies, establish the critical strategic foundation all organizations should define according to Drucker's five most important questions, and upskill with the essential Drucker management principles to put this new purpose-driven foundation into practice and lead your organization successfully in today's rapidly changing environment.

For Organizations: Custom Executive Education Programs

The Institute works closely with the Drucker School of Management and other departments at CGU to customize a program to fit an organization's (private, public and social) specific training needs and company challenges. What differentiates the Institute from others, is CGU's transdisciplinary approach to support the development of both leadership skills and self-insight with a focus on positive psychology, leadership, human resources, and evaluation, to name a few. The training includes dynamic classroom sessions where we have delivered programs

to leaders on CGU campus, at corporate offices, and online via Zoom and Teams or a combination thereof.

For Higher Education Institutions: Program Development

The Drucker Institute partners with institutions of higher education to develop programs that offer learning materials and instruction that help students learn of Peter's philosophy on leadership, management, while providing students the tools to put them into practice.

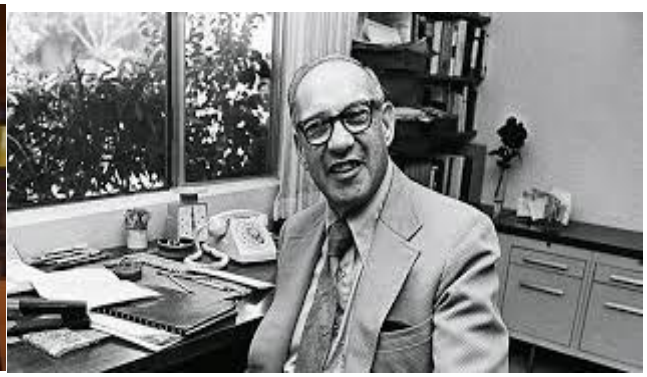
For High Schools: Future Leader Program

The Drucker Future Leader Program for high school youth shares Drucker's philosophy on building a more functioning society and finding one's role in their community and in society to build it, with tomorrow's leaders preparing for the 21st century.

America's best managed companies.

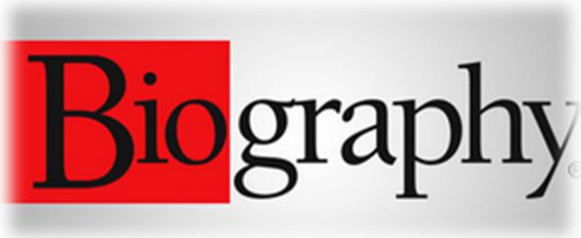
The Drucker Institute brings together five dimensions of corporate performance—Customer Satisfaction, Employee Engagement and Development, Innovation, Social Responsibility and Financial Strength—to create a holistic perspective based on Peter Drucker's core principles.

https://drucker.institute/company-rankings/



https://www.youtube.com/watch?v=WG1sAf_bETs

[Video = 71 Minutes]



Peter Drucker

https://www.managers-net.com/Biography/drucker.html

Introduction

Peter Drucker is known as the father of modern management. A prolific writer, business consultant and lecturer, he introduced many management concepts that have been embraced by corporations around the world.

Peter Ferdinand Drucker (November 19, 1909 - November 11, 2005) was a writer, management consultant, and self-described "social ecologist." His books and scholarly and popular articles explored how humans are organized across the business, government and the nonprofit sectors of society. His writings have predicted many of the major developments of the late twentieth century, including privatisation and decentralization; the rise of Japan to economic world power; the decisive importance of marketing; and the emergence of the information society with its necessity of lifelong learning. In 1959, Peter Drucker coined the term "knowledge worker" and later in his life considered knowledge work productivity to be the next frontier of management.

Personal Life and Roots of Peter Drucker's Philosophy

The son of a high-level civil servant in Austria-Hungary - his mother Caroline Bondi had studied medicine and his father Adolf Drucker was a lawyer - Drucker was born in Vienna, the capital of Austria, in a small village named Kaasgraben (now part of the 19th district of Vienna, Döbling). He grew up in a home where intellectuals, high government officials, and scientists would meet to discuss new ideas. After graduating from Döbling Gymnasium, Drucker found few opportunities for employment in post-Habsburg Vienna, so he moved to Hamburg, Germany, first working as an apprentice at an established cotton trading company, then as a journalist, writing for Der Österreichische Volkswirt (The Austrian Economist). Drucker then moved to Frankfurt, where he took a job at the Daily Frankfurter General-Anzeiger. While in Frankfurt, he also earned a doctorate in international law and public law from the University of Frankfurt in 1931. Among his early influences was the Austrian economist Joseph Schumpeter, a friend of his father's, who impressed upon Drucker the importance of innovation and entrepreneurship. Drucker was also influenced, in a much different way, by John Maynard Keynes, whom he heard lecture in 1934 in Cambridge. "I suddenly realized that Keynes and all the brilliant economic students in the room were interested in the behaviour of commodities," Drucker wrote, "while I was interested in the behaviour of people."

Over the next 70 years, Drucker's writings would be marked by a focus on relationships among human beings, as opposed to the crunching of numbers. His books were filled with lessons on how organizations can bring out the best in people, and how workers can find a sense of community and dignity in a modern society organized around large institutions.

As a young writer, Drucker wrote two pieces - one on the conservative German philosopher Friedrich Julius Stahl and another called *The Jewish Question in Germany* - that were burned and banned by the Nazis. In 1933, Drucker left Germany for England. In London, he worked for an insurance company, then as the chief economist at a private bank. He also reconnected with Doris Schmitz, an acquaintance from the University of Frankfurt. They married in 1934. (His wedding certificate lists his name as Peter George Drucker.) The couple permanently relocated to the United States, where he became a university professor as well as a free-lance writer and business consultant. (Drucker disliked the term 'guru', though it was often applied to him; I have been saying for many years, Drucker once remarked, that we are using the word 'guru' only because 'charlatan' is too long to fit into a headline.)

In 1943, Drucker became a naturalized citizen of the United States. He taught at Bennington College from 1942-1949, then at New York University as a Professor of Management from 1950 to 1971. Drucker came to California in 1971, where he developed one of the country's first executive *MBA* programs for working professionals at Claremont Graduate University (then known as Claremont Graduate School). From 1971 to his death he was the Clarke Professor of Social Science and Management at Claremont Graduate University. The university's management school was named the *Peter F. Drucker Graduate School of Management* (later known as the *Peter F. Drucker and Masatoshi Ito Graduate School of Management*) in his honour in 1987. He taught his last class at the school in 2002 at age 92.

Career of Peter Drucker

His career as a business thinker took off in 1942, when his initial writings on politics and society won him access to the internal workings of General Motors (*GM*), one of the largest companies in the world at that time. His experiences in Europe had left him fascinated with the problem of authority. He shared his fascination with Donaldson Brown, the mastermind behind the administrative controls at *GM*. In 1943 Brown invited him in to conduct what might be called a "political audit": a two-year social-scientific analysis of the corporation. Drucker attended every board meeting, interviewed employees, and analysed production and decision-making processes.

The resulting book, *Concept of the Corporation*, popularised *GM*'s multidivisional structure and led to numerous articles, consulting engagements, and additional books. *GM*, however, was hardly thrilled with the final product. Drucker had suggested that the auto giant might want to re-examine a host of long-standing policies on customer relations, dealer relations, employee relations and more. Inside the corporation, Drucker's counsel was viewed as hypercritical. *GM*'s revered chairman, Alfred Sloan, was so upset about the book that he simply treated it as if it did not exist, Drucker later recalled, never mentioning it and never allowing it to be mentioned in his presence.

Drucker taught that management is "a liberal art," and he infused his management advice with interdisciplinary lessons from history, sociology, psychology, philosophy, culture and religion. He also believed strongly that all institutions, including those in the private sector, have a responsibility to the whole of society. The fact is, Drucker wrote in his 1973 *Management: Tasks, Responsibilities, Practices*, that in modern society there is no

other leadership group but managers. If the managers of our major institutions, and especially of business, do not take responsibility for the common good, no one else can or will.

Drucker was interested in the growing effect of people who worked with their minds rather than their hands. He was intrigued by employees who knew more about certain subjects than their bosses or colleagues and yet had to cooperate with others in a large organization. Rather than simply glorify the phenomenon as the epitome of human progress, Drucker analyzed it and explained how it challenged the common thinking about how organizations should be run.

His approach worked well in the increasingly mature business world of the second half of the twentieth century. By that time, large corporations had developed the basic manufacturing efficiencies and managerial hierarchies of mass production. Executives thought they knew how to run companies, and Drucker took it upon himself to poke holes in their beliefs, lest organizations become stale. But he did so in a sympathetic way. He assumed that his readers were intelligent, rational, hardworking people of good will. If their organizations struggled, he believed it was usually because of outdated ideas, a narrow conception of problems, or internal misunderstandings.

During his long consulting career, Drucker worked with many major corporations, including General Electric, Coca-Cola, Citicorp, IBM, and Intel. He consulted with notable business leaders such as *GM*'s Jack Welch; Procter & Gamble's A.G. Lafley; Intel's Andy Grove; Edward Jones' John Bachmann; Shoichiro Toyoda, the honorary chairman of Toyota Motor Corp.; and Masatoshi Ito, the honorary chairman of the Ito-Yokado Group, the second largest retailing organization in the world. Although he helped many corporate executives succeed, he was appalled when the level of Fortune 500 CEO pay in America ballooned to hundreds of times that of the average worker. He argued in a 1984 essay that CEO compensation should be no more than 20 times what the rank and file make - especially at companies where thousands of employees are being laid off. This is morally and socially unforgivable, Drucker wrote, and we will pay a heavy price for it.

Drucker served as a consultant for various government agencies in the United States, Canada and Japan. He worked with various nonprofit organizations to help them become successful, often consulting pro bono. Among the many social-sector groups he advised were the Salvation Army, the Girl Scouts of the USA, C.A.R.E., the American Red Cross, and the Navajo Indian Tribal Council.

In fact, Drucker anticipated the rise of the social sector in America, maintaining that it was through volunteering in nonprofits that people would find the kind of fulfillment that he originally thought would be provided through their place of work, but that had proven elusive in that arena. Citizenship in and through the social sector is not a panacea for the ills of post-capitalist society and post-capitalist polity, but it may be a prerequisite for tackling these ills, Drucker wrote. It restores the civic responsibility that is the mark of citizenship, and the civic pride that is the mark of community.

Basic ideas of Peter Drucker

Several ideas run through most of Peter Drucker's writings:

- Decentralization and simplification. Drucker discounted the command and control model and asserted that companies work best when they are decentralized. According to Drucker, corporations tend to produce too many products, hire employees they don't need (when a better solution would be outsourcing), and expand into economic sectors that they should avoid.
- A profound scepticism of macroeconomic theory. Drucker contended that economists of all schools fail to explain significant aspects of modern economies.
- Respect of the worker. Drucker believed that employees are assets and not liabilities. He taught that knowledge workers are the essential ingredients of the modern economy. Central to this philosophy is the view that people are an organization's most valuable resource and that a manager's job is to prepare and free people to perform.
- A belief in what he called the sickness of government. Drucker made non-partisan claims that government is often unable or unwilling to provide new services that people need or want, though he believed that this condition is not inherent to the form of government. The chapter *The Sickness of Government* in his book *The Age of Discontinuity* formed the basis of the New Public Management, a theory of public administration that dominated the discipline in the 1980s and 1990s.
- The need for planned abandonment. Businesses and governments have a natural human tendency to cling to "yesterday's successes" rather than seeing when they are no longer useful.
- A belief that taking action without thinking is the cause of every failure.
- The need for community. Early in his career, Drucker predicted the "end of economic man" and advocated the creation of a "plant community" where individuals' social needs could be met. He later acknowledged that the plant community never materialized, and by the 1980s, suggested that volunteering in the nonprofit sector was the key to fostering a healthy society where people found a sense of belonging and civic pride.
- The need to manage business by balancing a variety of needs and goals, rather than subordinating an institution to a single value. This concept of management by objectives forms the keynote of his 1954 landmark The Practice of Management.
- A company's primary responsibility is to serve its customers. Profit is not the primary goal, but rather an essential condition for the company's continued existence.
- An organization should have a proper way of executing all its business processes.
- A belief in the notion that great companies could stand among humankind's noblest inventions.

Awards and honours of Peter Drucker

Peter Drucker was awarded the Presidential Medal of Freedom by U.S. President George W. Bush on July 9, 2002. He also received honours from the governments of Japan and Austria. He was the Honorary Chairman of the Peter F. Drucker Foundation for Nonprofit Management, now the Leader-to-Leader Institute, from 1990 through 2002. In 1969 he was awarded New York University's highest honour, the NYU Presidential Citation. Harvard Business Review honoured Drucker in the spring of 2005 with his seventh McKinsey Award for his article, "What Makes an Effective Executive", the most awarded to one person. Peter Drucker was inducted into the Junior Achievement U.S. Business Hall of Fame in 1996. Additionally, he holds 25 honorary doctorates from American, Belgian, Czech, English, Spanish and Swiss Universities. In Claremont, California, Eleventh Street between College Avenue and Dartmouth Avenue was renamed "Drucker Way" in October of 2009 to commemorate the 100th anniversary of Drucker's birth.

ALSO VISIT THE WEB LINK [52 PAGES]

https://www.stern.nyu.edu/sites/default/files/assets/documents/uat_026669.pdf

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02] https://www.cgu.edu/school/drucker-school-of-management/peter-f-drucker/

03] https://drucker.institute/perspective/about-peter-drucker/

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Brief Biography

Peter F. Drucker Biography Peter F. Drucker was born in 1909 in Vienna, Austria. He was educated in Austria and England and earned a doctorate in public and international law at Frankfurt University in Germany. A social ecologist, writer, consultant, and retired professor, he has published 41 books. His books on economics, politics, society, and management have been translated into 37 languages. Coordinated with his writings, he developed a series of professional training programs including, most recently, a series of on-line courses on management and business strategies.

Dr. Drucker wrote a regular column in the Wall Street Journal for 20 years. He has published articles in professional journals and publications including The Economist, Harvard Business Review, The Atlantic Monthly, Financial Times, Foreign Affairs, Fortune, Inc., and Harpers.

As a consultant, Dr. Drucker specialized in strategy and policy for governments, businesses, and nonprofit organizations. His special focus was on the organization and work of top management. He worked with some of the world's largest businesses and with small and entrepreneurial companies. In recent years he worked extensively with nonprofit organizations, including universities, hospitals, and churches. He served as a consultant to a number of agencies of the U.S. government, with the governments of Canada and Japan, and with other nations throughout the world.

Dr. Drucker was professor of philosophy and politics at Bennington College in Bennington, Vermont from 1942 through 1949. He was professor of management at the Graduate School of Management at New York University from 1949 to 1971. In 1969, he received its highest honor, the NYU Presidential Citation.

From 1971 to 2002, Dr. Drucker was the Clarke Professor of Social Science and Management at Claremont Graduate University in Claremont, California. In 1987, CGU named its Graduate School of Management after him. It is now known as the Peter F. Drucker and Masatoshi Ito Graduate School of Management. He continues to give special presentations and lectures at the school. In 1993, he established the Peter F. Drucker Research Library and Archive at CGU (www.druckerarchives.cgu.edu).

Dr. Drucker received the Presidential Medal of Freedom, the U.S.'s highest civilian honor, and orders from the governments of Japan and Austria. He holds 25 honorary doctorates from American, Belgian, Czech, English, Spanish, and Swiss universities. He served as the president of the Society for the History of Technology from 1955 to 1960.

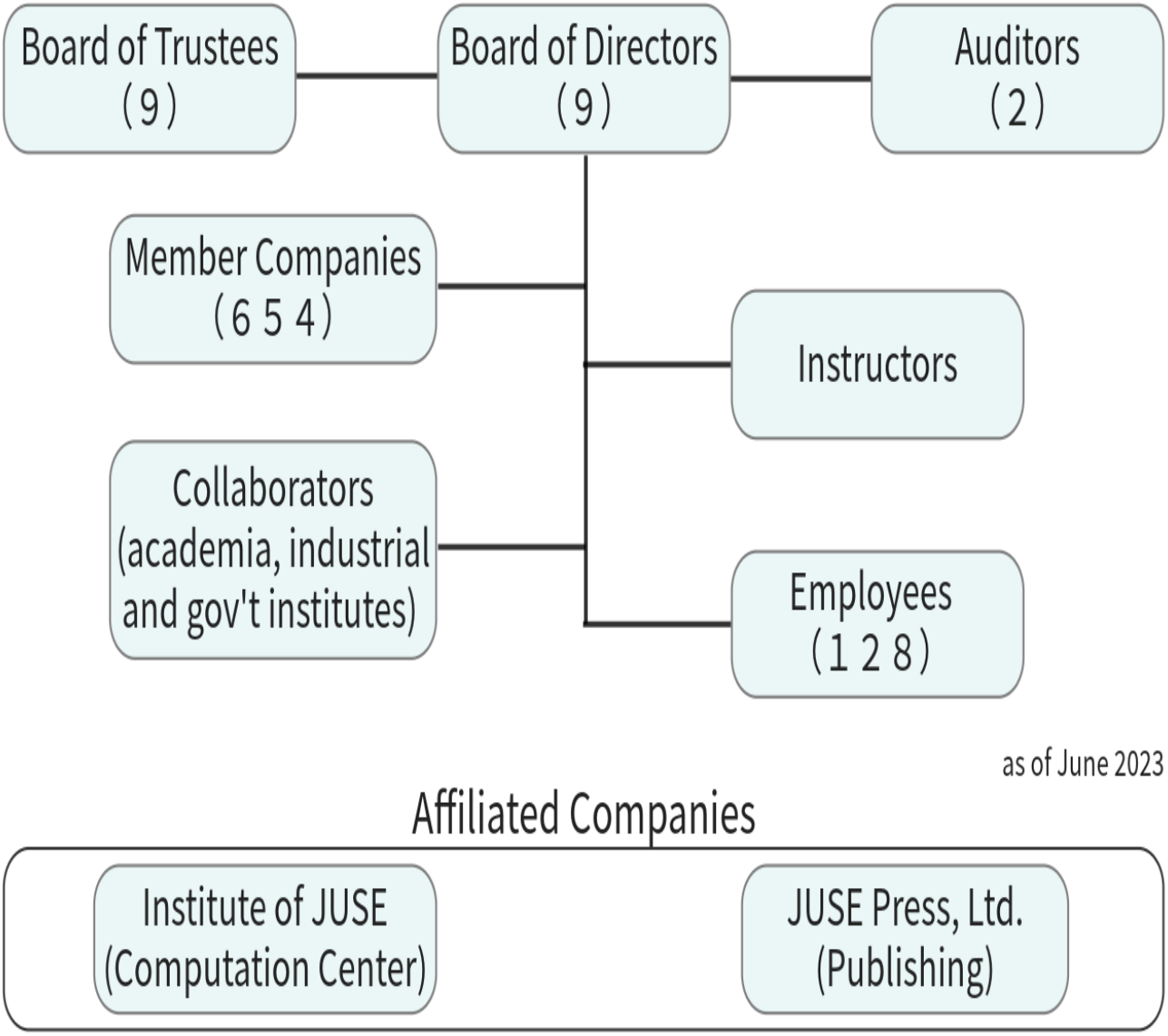
In his early career Dr. Drucker was economist for an international bank in London, American economist for a group of British and European banks, and American correspondent for a group of British newspapers. He and his wife, Doris, have four children and six grandchildren.

JUSE

Union of Japanese Scientists and Engineers

https://www.juse.or.jp/english/

JUSE Organization Structure



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https://qcfi.in/tag/union-of-japanese-scientists-and-engineers/

日本科学技術連盟	
Non-ministerial government department overview	
Formed	1946
Headquarters	Odakyu Daiichi Seimei Building 4F, 2-7-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0704 35.6918°N 139.6910°E
Minister responsible	• Hirokazu Matsuno
Parent Non-ministerial government department	Ministry of Education, Culture, Sports, Science and Technology
Website	www.juse.or.jp/english

JUSE is a not-for-profit organization, established in 1946, under the jurisdiction of Ministry of Education, Technology, Sports and Science of the Japanese Government. JUSE promotes and offers education and training programs in the field of Management Science in relation to Quality Management. Areas and activities covered are; statistical quality control, management tools and methods, quality assurance, reliability engineering, small group activities, software quality, medical quality and ISO relations.

After the end of the World War II, the Government of Japan promoted the creation of industrial organizations, which led to the creation of JUSE in 1946, founded by Kenichi Koyanagi and Ichiro Ishikawa.

JUSE brought leaders and experts from all of Japan's major industries together to share best practices. It was directed to "revitalize Japan's economy and [eliminate] waste by improving quality".

The objective of the JUSE is to "promote systematic studies needed for the advancement of science and technology, whereupon to contribute to the development of culture and industry."

JUSE invited W. Edwards Deming to lecture them on the use of statistical quality control. He arrived in June 1950 and he returned again on five occasions as consultant to Japanese industry. The following year the JUSE established the Deming Prize, which was originally awarded to individuals who had contributed to the theory and application of quality control, and to corporations which had obtained outstanding results in the application of quality control.

Joseph Juran was also invited to give lectures to the JUSE in 1954 and 1960. His lectures centered on managing quality and in making quality a business strategy.

Deming Prize

The late Dr. W. E. Deming (1900 - 1993), one of the foremost experts of quality control in the United States, was invited to Japan by the Union of Japanese Scientists and Engineers (JUSE) on July 15, 1950.

Upon his visit, Dr. Deming lectured at "Eight-Day Course on Quality Control" at the Auditorium of the Japan Medical Association in Kanda-Surugadai, Tokyo. This was followed by Dr. Deming's "One-Day Course on Quality Control for Top Management," held in Hakone. Through these seminars, Dr. Deming taught the basics of statistical quality control plainly and thoroughly to executives, managers, engineers and researchers of Japanese industry. His teachings made a deep impression on the participants' mind and provided great impetus to quality control in Japan, which was in its infancy.

The transcript of the eight-day course, "Dr. Deming's Lectures on Statistical Control of Quality," was compiled from stenographic records and distributed for a charge. Dr. Deming donated his royalties to JUSE. In appreciation of Dr. Deming's generosity, the late Mr. Kenichi Koyanagi, managing director of JUSE,

proposed using it to fund a prize to commemorate Dr. Deming's contribution and friendship in a lasting way and to promote the continued development of quality control in Japan. Upon receiving the proposal, the JUSE's board of directors unanimously made a resolution to establish the Deming Prize.

Later, the Japanese translation of Dr. Deming's book Some Theory of Sampling was published. Dr. Deming further contributed to the fund using the royalties from his book. Since then, the Deming Prize has grown considerably, and today JUSE carries the overall administrative costs for the prize.

Dr. W. E. Deming delivering lecture at "Eight-Day Course on Quality Control" took place at the Auditorium of the Japan Medical Association.

Dr. W. E. Deming and Mr. Kenichi Koyanagi, Managing Director of JUSE

Deming Medal

Cover page shows the Deming Medal with Dr. Deming's side face image and his word "THE RIGHT QUALITY & UNIFORMITY ARE FOUNDATIONS OF COMMERCE, PROSPERITY & PEACE" engraved on it designed by late Yoji Yamawaki, former professor of the Tokyo National University of Fine Arts and Music. The medal is awarded to the Deming Prize Winner.

An Introduction to JUSE

JUSE has been striving to help realize Quality management in industry for over 70 years.

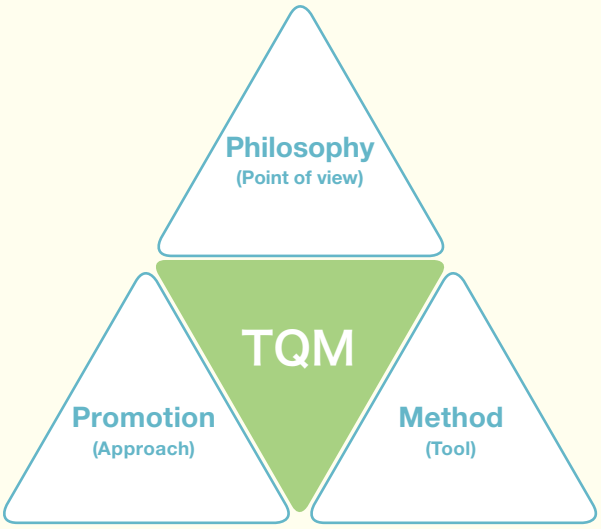
Quality Management and TQM

"Quality Management" is the management style to sustainably develop a company based on a philosophy which emphasizes quality. JUSE provides know-how which is indispensable for promotion of quality management and contributes to the sustainable growth of the organization.
A useful framework to realize quality management is "TQM: Total Quality Management".
TQM incorporates "Philosophy (Point of view)", "Promotion (Approach)" and "Method (Tool)" which benefit quality management. Quality Management is promoted more effectively and efficiently by implementing these TQM activities into business operation as concrete tools.

Expected effects through TQM implementation

Through implementation of "TQM" activities, a number of effects can be obtained which includes improvement of quality, customer satisfaction, corporate performance, etc.

- Thorough policy deployment / Strong corporate constitution
- New Product development / Creation of additional value
- Quality improvement / Prevention of problems
- Productivity enhancement / Cost reduction / Shorter Delivery
- Capability enhancement
- Human resource development



Philosophy (Point of view)

Basic posture, such as "5 GEN Principles", "Logical Way of Thinking", "Customer First", etc.

Method (Tool)

Scientific Tools based on Statistics, Methodologies: such as problem-solving steps, etc.

Promotion (Approach)

Mechanism such as "Policy Management", QC Circle Promotion, Know-How for Implementation, etc.

Education and Training

Opportunity for learning

In order to foster human resources to support quality management, JUSE annually provides approximately 400 seminar courses and research groups for quality management, TQM, QC methods, problem-solving procedures, etc. We also provide a service which dispatches a lecturer to conduct in-house education and training programs that have been made to order.

Convention, Forum and Symposium

Opportunity for presentation, information exchange and learning from others

With an aim to uplift quality consciousness and broader dissemination of quality activities, JUSE hosts various events on quality management, TQM, QC circles etc., targeting everyone from top managers to frontline workers throughout Japan.

QC Circle activity (Small group improvement activity)

The Driver of KAIZEN

JUSE operates the “QC Circle Headquarters of Japan” to support QC circle activities which have served as the foundation of “Genba” workplaces for over 50 years, so as to enhance individual capabilities, foster human resources, and activate the organization to improve.

International activities

Global cooperation

JUSE welcomes visitors and study groups from overseas, as well as extending cooperation to projects with international institutions. We also carry out the International Seminar on TQM (ISTQ), International Conference for Quality (ICQ) and International Convention on QC Circles (ICQCC), in which people related to quality management are exchanged; whereby quality management can be promoted and developed in the world.

Award and recognition

Milestone for promotion

JUSE has a number of award systems for individuals and organizations, including the Deming Prize, and the Japan Quality Recognition Award. Through the journey to achieve these awards, organizational constitution and individual capabilities are expected to be strengthened. The Deming Prize has been used as a milestone for TQM by more than 250 organizations worldwide since its foundation. For individual recognition, QC Kentei attracts over 100,000 examinees annually.

Management system audit and registration

JUSE conducts audit and registration of management systems efficiently, according to customers’ point of view, which contribute to strengthen and develop management foundations. We provide 12 kinds of certification systems, including 6 private certifications, with the purpose of providing an audit relevant to management.

PR Activity

Publications for dissemination

JUSE publishes the monthly magazine “QC Circle”, and a web-journal called “Quality Management”. We also publish the information journal “JUSE News” for our members.

Our history

The Union of Japanese Scientists and Engineers, known as JUSE, was established on the 1st of May, 1946. It became a public organization under the Science and Technology Agency (Currently known as The Ministry of Education, Sports, Culture, Science and Technology) of the Japanese Government in 1962. In 2012, all public organizations were placed under the Cabinet Office due to new Government policy. By establishing fundamental policies to contribute to industries by advancing and developing Management Science and technologies, such as TQM, JUSE has, since its foundation, been active in promoting activities regarding research and development, conferences and symposia, education and training, international cooperation, QC Circle dissemination, PR and publicity.

Social contribution and JUSE membership program

JUSE runs a membership program in which a number of companies from various business fields agree to support our activities related to quality. Part of our membership fee is used for “Quality Management Level Research” and “Quality Month” activities that well serve for industry and society, as well as to promote and disseminate the importance of quality.

“Quality Management Level Research” : In cooperation with Nikkei Inc., JUSE periodically conducts research and analysis on the degree of quality management in Japan to publish it in a ranked order in the newspaper, so as to re-emphasize the importance of quality.

“Quality Month” activities : In order to revitalize the Quality Consciousness, November, every year, is defined as Quality Month in Japan, for which a number of events, textbooks and lectures about quality are implemented.

“Q” mark is the registered trade mark of JUSE.

This mark was created as a symbol of confidence in showing “We are promoting QC in our organization or at our plant” when the Quality Month was started in 1960.

Union of Japanese Scientists and Engineers (JUSE)
PR and International Relations Group

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LEARNING TO MANAGE

Peter Drucker would have been 100 years old this year

Source: The Telegraph Online [Published on 2 Nov 2009

[https://www.telegraphindia.com/opinion/learning-to-manage-peter-drucker-would-have-been-100-years-old-this-year/cid/578854]

Author:
SL Rao
Former Director-General,
National Council for Applied Economic Research

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Like every professional manager and teacher in India, I was deeply influenced by Peter Drucker, who was born 100 years back. I became a manager after studying commerce and economics. I tried to determine his relevance for us in India.

Drucker gave me an academic frame that built on my education and a conceptual understanding of management. As a student, I had been attracted by the ideas of Joseph Schumpeter on capitalism and the role of innovation as creative destruction, by those of Frederick Taylor and Frank Gilbreth on ways in which efficiencies could be improved, and of John Maynard Keynes about how economies could be well managed. Drucker wrote about the centrality of the consumer. Theodore Levitt expanded on Drucker in "Marketing myopia" and other writings. Their ideas taught people how to create and stimulate demand.

The first book on management that I had read was Drucker's *The Practice of Management*, which showed how management could make things happen. It bridged the gap between the theories and concepts I had studied and ways to actually make things happen.

In 1955, he wrote: "There is only one valid definition of business purpose: to create a customer.… It is the customer who determines what a business is. Because it is its purpose to create a customer, any business enterprise has two — and only these two — basic functions: marketing and innovation. They are the entrepreneurial functions."

Alfred Sloan as the chief of General Motors showed how large organizations could be managed to achieve complex and ambitious objectives through management, how to segment markets and design products that appealed to different consumer segments, thus maximizing market share and profits. Years later he wrote *My Years with General Motors*, that described what he had learnt. The lessons that Sloan taught by his work in General Motors were applied in the development of the most complicated Polaris submarine. They have since become part of the training for managing large organizations. Sloan gave Drucker the opportunity to study General Motors closely at the time when Sloan was applying the ideas that made General Motors the largest company in the world and the driver of the American economy. Drucker wrote: "Management converts a mob into an organization, and human efforts into performance." But there is a limit to size in organizations, particularly to those selling services. We learnt this at great cost to the world economy in the recent financial crisis when banks, brokerages, hedge funds, and so on, reached such large sizes that planning, coordination and control became problematic.

Even in the command-and-control economy during the Nehru and Indira Gandhi years, Drucker was relevant to India in the growing and running of large organizations, and in the improving of their efficiencies. Indian companies had their own management ideas. They employed professionals and developed large organizations, distributed manufacturing, managed quality standards, distribution over vast distances, and so on. Professional management enabled the organizing of people to achieve agreed goals in changing situations in a variety of businesses and other occupations in non-profit organizations, government-owned enterprises, health, education, and so on.

Jack Welch implemented the Drucker idea that a large organization should aim to be number one or two in its line of business or get out. By a clear focus on objectives, Welch made General Electric the most successful organization for many years. Recently, Indian managers have begun to follow this idea. Similarly, Drucker said that many have benefited from following the idea of empowering workers, treating them as resources and not just as costs. The best examples of this are the highly successful information companies.

Long before many began to criticize the declaration of corporate results every quarter, saying that it puts excessive pressure on organizations to deliver short-term results while paying less attention to long-term development, Drucker criticized short-term profit as the principal goal of business. (Unfortunately, India, under Clause 49 of the Securities and Exchange Board of India's listing agreements, has introduced this practice.)

He was critical of soaring executive pay. His prescience, if heeded, might have prevented the collapse of financial institutions, especially in the United States of America. Incentives related only to immediate profit performance neglect the long-term consequences of the decisions for which incentives were paid. Fortunately, India with its past history of government regulation to bring about equality of incomes, avoided American excesses. However, Indian salaries soared after 1991, widening inequalities, but not to the extent that they did in the US.

Drucker predicted the rise of a knowledge economy and that brains in a workforce would increasingly replace brawn. We have seen this happen in India in our time and Indian companies have developed ways to manage large workforces of skilled people over many different areas, to deliver high quality services at profit.

He championed privatization and argued that private ownership gave more incentive for an enterprise to perform well. We have examples of companies that have performed very well after privatization like the Bharat Aluminium Company Limited, CMC Limited, some of the privatized Indian Tourism Development Corporation hotels, and many other State-

owned enterprises, including the Delhi Electricity Board. We are also learning that moving the dead hand of the government from enterprises, even by introducing some private shareholding, can improve an enterprise's performance.

In the early Clinton years, Al Gore pushed for "reinventing government". This was another Drucker idea. In India, we are seeing the beginnings of this with independent regulatory commissions replacing opaque government decision- making, the Right to Information Act and other legislations that have made the government more transparent and closer to the governed, and the growing emphasis on decentralization. Similarly, India has benefited by lower taxation and the abolition of the licence permit *raj* since 1991, further examples of reinventing government.

Drucker moved innovation from mere technology to management. He wrote: "The second function of a business is innovation, that is, the provision of better and more economic goods and services.... Innovation may take the form of a lower price... be a new and better product... a new convenience or the creation of a new want... finding new uses for old products.... Inovation must be in design, in product, in marketing techniques, in price or in service to the customer, in management organization or in management methods, in materials handling, in manager development." However we still have companies that do not see that the customer (or citizen in the case of the government) has to be at the core of the business.

Drucker was convinced that the best hope for saving civilization from barbarism was in the humdrum science of management. He was not willing to leave everything to market forces. There would always be some to exploit others. In India, institutions like regulatory commissions and the competition commission show that we have recognized that markets need regulation. He did not, unlike many others of his generation, admire the command-and-control model of the Soviet Union. Big government was not the answer. For him, the "man in the grey flannel suit" (adapting the phrase from Sloan Wilson) held

more hope for mankind than the hidden hand of Adam Smith or the command and control model.

Drucker is criticized because he did not build rigorous systems with complex mathematical logic, as do many management writers today. He is not identified with a great idea as, for example, Michael Porter is with competitive strategy, Levitt with market segmentation, or C.K. Prahlad with core competence, to name just three. Instead, the fact that Drucker's ideas are clichés today is his major contribution. Drucker stands for all professional management. That is his contribution to India and the world.

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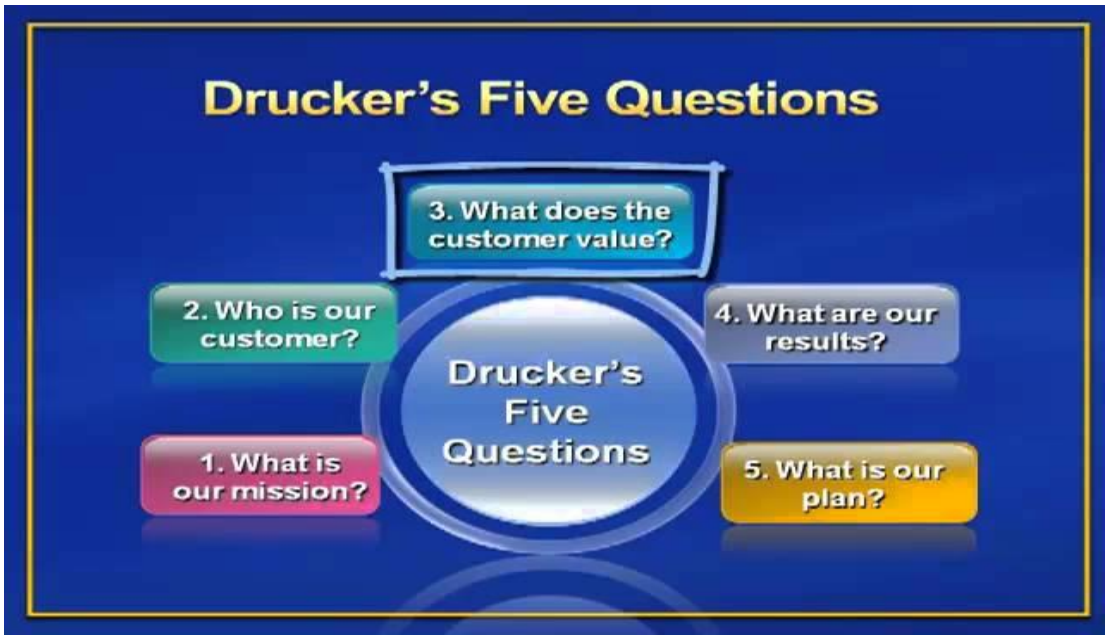
Drucker's Five Questions
3. What does the customer value?
2. Who is our customer?
4. What are our results?
Drucker's Five Questions
1. What is our mission?
5. What is our plan?

"Culture Eats Strategy for Breakfast"

Time Management Method

https://www.shortform.com/blog/peter-drucker-time-management/

What does Peter Druker have to say on time management? How does his time management approach differ from the more conventional methods?

Peter Drucker's time management approach consists of three steps: 1) analyze your time, 2) cut time-wasters, and 3) time block. This advice is different from what other time management books recommend in that it begins with analyzing how you currently spend your time.

We'll explore each of these steps and how they continue to be applied today.

Managing Your Time

Executives have little unscheduled or discretionary time to begin with, Drucker writes, and they're under constant pressure to use it reactively, dealing with whatever comes up.

In order to carve out discretionary time, Peter Drucker's time management system is broken down into three steps:

1. **Analyze your time:** Track, analyze, and regularly monitor where your time goes.
2. **Cut time wasters:** Based on what your analysis tells you, eliminate, reduce, or delegate unproductive activities.
3. **Time block**: Organize your discretionary time into blocks (90-minute units or half-days), in which you work on your contribution to the organization's performance.

1. Analyze Your Time

Since the advent of Scientific Management in 1900 to optimize factory production, we've recorded and managed time spent on manual work. Identifying and eliminating wasted time has increased efficiency and lowered costs. Drucker argues that executives and

knowledge workers should likewise root out wasted time to increase their effectiveness and get better results.

Peter's Drucker's time management approach begins with analyzing how you currently spend your time. He says it's important to track and understand what you're doing with your time because:

- **Your sense of time is distorted:** After the fact, your memory of how you spent your time will be inaccurate. Drucker notes that research shows people are terrible at keeping track of time; when isolated in a windowless room, with or without lights, they lose track of time and will under- or overestimate how much has passed (Shortform note: More recent research underscores our trouble estimating the passage of time—for instance, engrossing work and even caffeine use can make time seem to pass quickly. To combat time misperception, try four things: admit you have a perception problem, track your time, practice estimating time, and accept that you can't totally control your time.)

- Further, what you feel you *should* spend your time on usually *isn't* what you spend your time on. (Shortform note: In *First Things First*, Stephen Covey recommends closing the gap between what's most important to us and what we actually spend our time on by learning to prioritize important things over urgent things.)

- **Time is your limiting factor:** Your ability to accomplish anything—your output—is limited by time, which is your scarcest resource. You can't increase or replenish time—so you need to understand where it's going. (Shortform note: In *The 10X Rule*, Grant Cardone talks about "multiplying time" by doing more in the time you have—like making 10 sales calls in 15 minutes instead of five—but that's increasing productivity/efficiency, not necessarily effectiveness.)

Drucker's guidelines for tracking your time are

- **Keep a log as you do things, recording everything you do and how long it takes**. Do this for three or four weeks at a time, twice a year. The specific method or format you use doesn't matter. (Shortform note: Time tracking apps such as Rescue Time may be useful, particularly for automatically tracking what you're doing on-screen—an increasingly large proportion of time use that provides myriad opportunities for distraction. Like this knowledge worker who tracked his time, you may be surprised at how little focused work you're accomplishing.)

- After each recorded period, **rethink and revise your schedule**. Many people slide back into a pattern of wasting time in about six months, Drucker says, so it takes constant vigilance and adjustment to prevent this drifting. (Shortform note: *The Happiness Project* recommends taking daily notes about what worked—what you accomplished, when, and how, in order to identify and replicate your most productive habits and times, so you can make them routine.)

2. Cut Time Wasters

Once you've recorded your time for a few weeks, Drucker advises rooting out your time-wasting activities with these steps:

1) Identify and eliminate activities that don't produce results, including things that don't need to be done in the first place. For each item on your time record, ask yourself what would happen if you hadn't done it or don't do it going forward. If the answer is nothing, stop doing it. Drucker claims that most executives could eliminate about 25% of their activities without anyone noticing; he cites speeches, social events,

committee memberships, directorships, and lunch or dinner events as often unnecessary.

2) Determine which activities could be done just as well or better by someone else, and delegate them. While some people view delegating as being lazy or taking advantage of a subordinate, Drucker emphasizes that as an executive, you're being paid for your unique contribution to the organization's performance—and when you allow yourself to be distracted from this by tasks someone else can do, you undercut your effectiveness as well as the organization's.

3) Identify the ways in which you waste others' time (and therefore your own). Drucker advises asking your employees and colleagues what *you* do that wastes *their* time (that doesn't increase their effectiveness or contribution).
You may be doing something that's productive for you but that still wastes others' time—for example, requiring an employee to track weekly data and produce a report that you occasionally refer to but that isn't useful to the employee creating it.

4) Cut time-wasters resulting from poor management. Drucker identifies several types of time-wasters resulting from poor management. They're under your control and are therefore fixable:

Wasted time resulting from lack of planning. An example is the recurring crisis—for instance, the annual audit—which suddenly requires everyone's full attention because it was left until the last minute. A recurring crisis around a regular event can be foreseen and prevented by creating a routine that administrative workers can handle. (Shortform note: Management by crisis—not the same thing as crisis management—has many downsides. The biggest is that a preoccupation with putting out fires keeps you in fight-or-flight mode, blocking the higher-order thinking needed for problem-solving. Also, it prevents you from troubleshooting future problems, planning, or communicating effectively.)

Wasted time resulting from mishandled information. Examples include:

- **Information doesn't get to the people who need it, when they need it.** For instance, a production manager may neglect to inform a sales rep that equipment problems will delay fulfillment of an order—and the rep may be blindsided by a call from an angry client upset about the missed delivery deadline. (Shortform note: One antidote to the problem of information not getting to those who need it is a company-wide policy of transparency.)

- **Information isn't in a useful form.** Managers who don't get useful numbers may spend time tracking numbers and creating their own reports. (A 2018 *Inc*. article estimated that 73% of company data isn't applied because it's not in a workable form.)

-

- (Shortform note: An even bigger problem with mishandling information today is that **it gets to the *wrong* people due through data breaches**. This wastes enormous time and money fixing the problems and closing loopholes, and of course it squanders goodwill and credibility with clients and customers, for whom it can cause massive problems. Common causes of breaches include malware, improper employee actions including theft, and human error.)

-

Wasted time resulting from too many meetings. Drucker contends that one of the worst things about poor organization is that it spawns an excessive number of meetings, which keeps executives and others from getting important work done. (Shortform note:

A 2017 HBR article noted that executives spend about 23 hours a week in meetings, up from 10 hours in the 1960s. Other surveys and estimates range much higher. The article points out that many meetings not only waste time but also interrupt deep work.) Drucker says meetings should comprise no more than a quarter of an organization's time—and if executives spend more than that in meetings, there's a structural problem:

- A job is being spread among too many people; responsibility is unclear, or information is being shared with too many people, rather than targeted to those who need it. (Shortform note: Vague job responsibilities not only waste time, but they also cause employees stress and undermine productivity.)
-
- The organization's strategy may be unclear, resulting in people doing overlapping work, or unimportant work.
-
- (Shortform note: An *Inc.* article suggests additional reasons for excessive meetings, including managers showing dominance, teams delaying work or a decision, or people protecting or trying to expand their turf.)
-

Drucker says **meetings should be the exception rather than the rule**. They *are* sometimes needed—people have to cooperate by sharing knowledge and information to get a specific task done. But to avoid wasting time, meetings should be purposeful and focused. In his discussion of practice #3, Drucker argues that your meetings should be focused specifically on enhancing your contribution to the organization; we'll discuss this in detail later.

3. Consolidate and Time Block

The third step for managing your time (after analyzing it and cutting time wasters), according to Drucker, is to make the most of the little nonscheduled time you have left (your discretionary time for important tasks that contribute sign

****

Peter Drucker **THE MAN WHO INVENTED MANAGEMENT** https://www.scribd.com/presentation/88013412/Peter-Drucker-The-Man-Who-Invented-Management
Time Management Peter Drucker Way https://www.psychologytoday.com/intl/blog/the-peter-drucker-files/202201/time-management-the-peter-drucker-way

What Your Business Can Learn From Peter Drucker

https://www.business.com/articles/management-theory-of-peter-drucker/

Four Ways to Implement Peter Drucker's Theory of Management

https://www.torontosom.ca/blog/a-profile-of-peter-f-drucker-father-of-modern-management

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Peter Drucker on the New Knowledge Manager

{ https://guides.loc.gov/peter-drucker }

Peter Drucker (1909–2005) was born in Vienna, and moved to the United States after the rise of the Nazis to power in the 1930s. After the Second World War, he taught at New York University and Claremont Graduate University, becoming one of the world's foremost management theorists. Drucker describes the task of managing knowledge in today's 'knowledge organisations.'

When I first began to study management, during and immediately after World War II, a manager was defined as 'someone who is responsible for the work of subordinates'. A manager, in other words, was a 'boss', and management was rank and power … But by the early 1950s, the definition had already changed to 'a manager is responsible for the performance of people'. Now we know that this also is too narrow a definition. The right definition is 'a manager is responsible for the application and performance of knowledge'.

Knowledge is now fast becoming the one factor of production, sidelining both capital and labour … This change means that we now see knowledge as the essential resource. Land, labour and capital are chiefly important as restraints. Without them even knowledge cannot produce. Without them even knowledge cannot perform. Where there is effective management, that is, application of knowledge, we can always obtain the other resources. That knowledge has become the resource, rather than a resource is what makes our society 'post-capitalist'. It changes, fundamentally, the structure of society. It creates new social dynamics. It creates new economic dynamics. It creates new politics.

Political and social theory, since Plato and Aristotle, has focused on power. But responsibility must be the principle which informs and organizes the post-capitalist

society. The society of organizations, the knowledge society, demands a responsibility-based organization.

In knowledge work the organization is increasingly composed of specialists. Each of them knows more about his or her own speciality than anybody else in the organization. The old-type organization assumed that the superior knew what the subordinate was doing. For the superior, only a few years earlier, had occupied the subordinate's position. The knowledge-based organisation has to assume, however, that superiors do not know the job of their subordinates … The knowledge-based organization therefore requires that everyone take responsibility for objectives … This implies that all members of the organization think through their objectives and their contribution and take responsibility for both. It implies there are no 'subordinates'; there are only 'associates'.

There is a great deal of talk today about 'entitlement' and 'empowerment'. These terms express the demise of the command and control-based organization. But they are as much terms of power and terms of rank as the old terms were. We should instead be talking about responsibility and contribution.

The organisation of the post-capitalist society of organisations is a destabiliser. Because its function is to put knowledge to work—on tools, processes and products; on work; on knowledge itself—it must be organised for constant change … It must be organised for the systematic abandonment of the established, the customary, the familiar, the comfortable, whether products, services and processes, human and social relationships, skills or organisations themselves … [E]very organisation of today has to build into its very structure the management of change. It has to build in organised abandonment of everything it does.

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His

"QUOTES"

Management is doing things right;
leadership is doing the right things.

(😊)(😊)(😊)

**Whenever you see a successful business,
someone once made a courageous decision.**

(😊)(😊)(😊)

The greatest danger in times of turbulence is not the turbulence;
it is to act with yesterday's logic.

(😊)(😊)(😊)

It's more important to do the right thing
than to do things right.

(😊)(😊)(😊)

**If you want something new,
you have to stop doing something old.**

(😊)(😊)(😊)

**Quality in a service or product is not what you put into it.
It is what the client or customer gets out of it.**

(😊)(😊)(😊)

Do what you do best, and outsource the rest.

(😊)(😊)(😊)

Strategy is a commodity; execution is an art.

(😊)(😊)(😊)

If you can't measure it, you can't change it.

Business has only two basic functions:
Marketing and Innovation.

The most important thing in communication is
to hear what isn't being said.

Only three things happen naturally in organizations:
friction, confusion, and underperformance.
Everything else requires leadership.

Efficiency is doing better what is already being done.

The entrepreneur always searches for change,
responds to it, and exploits it as an opportunity.

If you want to predict the future, create it.

Results are obtained by exploiting opportunities,
not by solving problems.

Marketing is not a function, it is the whole business seen
from the customer's point of view.

The real achiever does one thing at a time.

There are only two things in a business that make money
– innovation and marketing, everything else is cost.

People learn the most when teaching others.

The task of leadership is to create
an alignment of strengths so strong that
it makes the system's weaknesses irrelevant.

Leadership is an achievement of trust.

Follow effective action with quiet reflection.
From the quiet reflection will come even more effective action.

Mission defines strategy, and strategy defines structure.

Efficiency, which is doing things right,
is irrelevant until you work on the right things.

The race for Quality has no finish line –
so technically, it's more like a death march.
Efficiency is doing things right;
effectiveness is doing the right things.

A man should never be appointed into a
managerial position if his vision focuses on
people's weaknesses rather than on their strengths.

If you want it, measure it. If you can't measure it, forget it.

What's measured improves.

**The ultimate resource in economic
development is people. It is people,
not capital or raw materials that develop an economy.**

Plans are worthless, but planning is invaluable.

Leadership is lifting a person's vision
to high sights, the raising of a person's performance
to a higher standard, the building of a
personality beyond its normal limitations.

The aim of marketing is to know and
understand the customer so well
the product or service fits him and sells itself.

Plans are only good intentions unless
they immediately degenerate into hard work.

Until we can manage time,
we can manage nothing else.

Long range planning does not deal with
future decisions, but with the future of present decisions.

Unless commitment is made,
there are only promises and hopes; but no plans.

**The critical question is not "How can I achieve?"
but "What can I contribute?**

*Management by objective works –
if you know the objectives.
Ninety percent of the time you don't.*

Time is the scarcest resource and unless
it is managed nothing else can be managed.

The customer rarely buys
what the company thinks it's selling.

**You cannot build performance on weaknesses.
You can build only on strengths.**

There is nothing worse than doing the wrong thing well.

(☺)(☺)(☺)

The purpose of a business is to create a customer.

(☺)(☺)(☺)

Because its purpose is to create a customer,
the business has two and only two functions:
Marketing and Innovation. Marketing and Innovation produce
results. All the rest are costs.

(☺)(☺)(☺)

The aim of marketing is to make selling superfluous.

(☺)(☺)(☺)

Do first things first, and second things not at all.

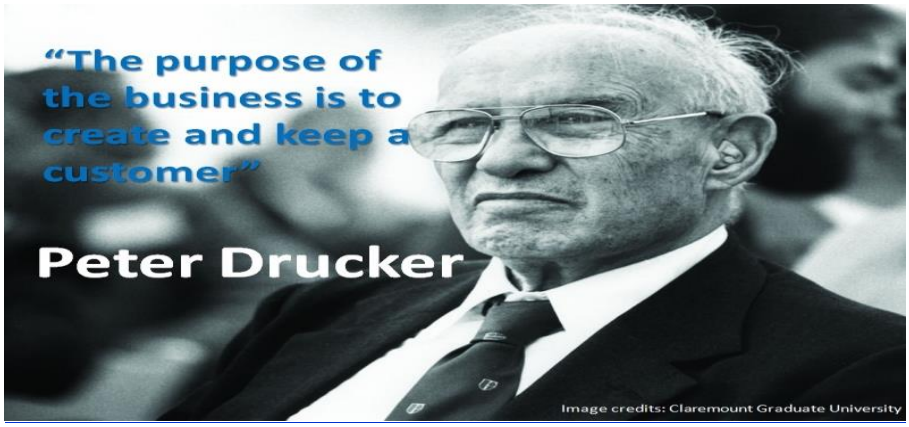
(☺)(☺)(☺)

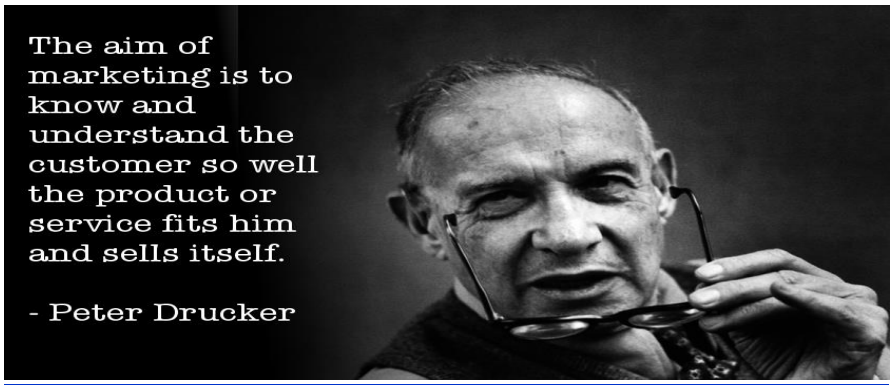
One cannot manage change.
One can only be ahead of it.

(☺)(☺)(☺)

If there is any one secret of effectiveness,
it is concentration. Effective executives do first things first
and they do one thing at a time.

(☺)(☺)(☺)


"The purpose of the business is to create and keep a customer"
Peter Drucker
Image credits: Claremount Graduate University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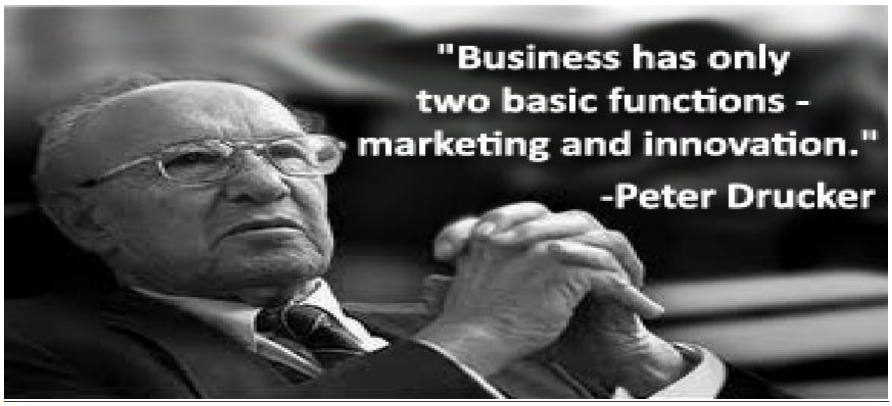
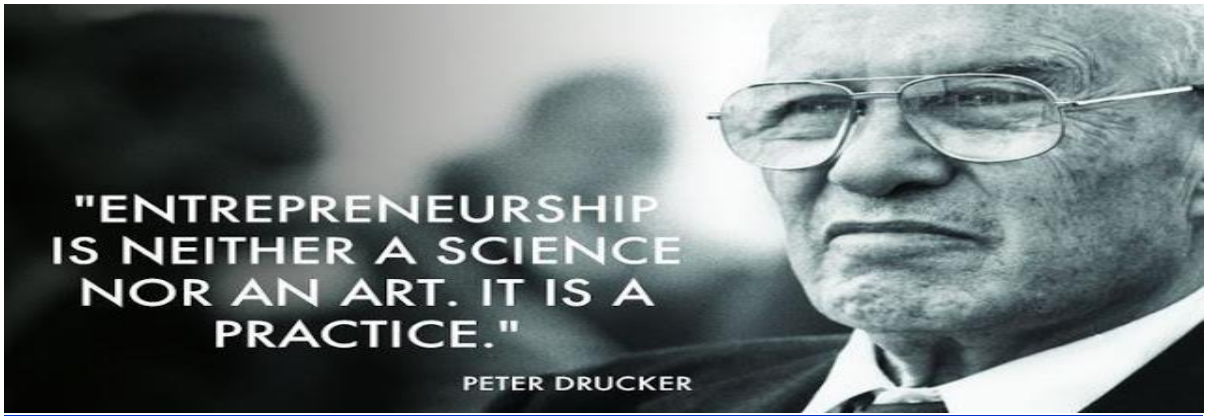
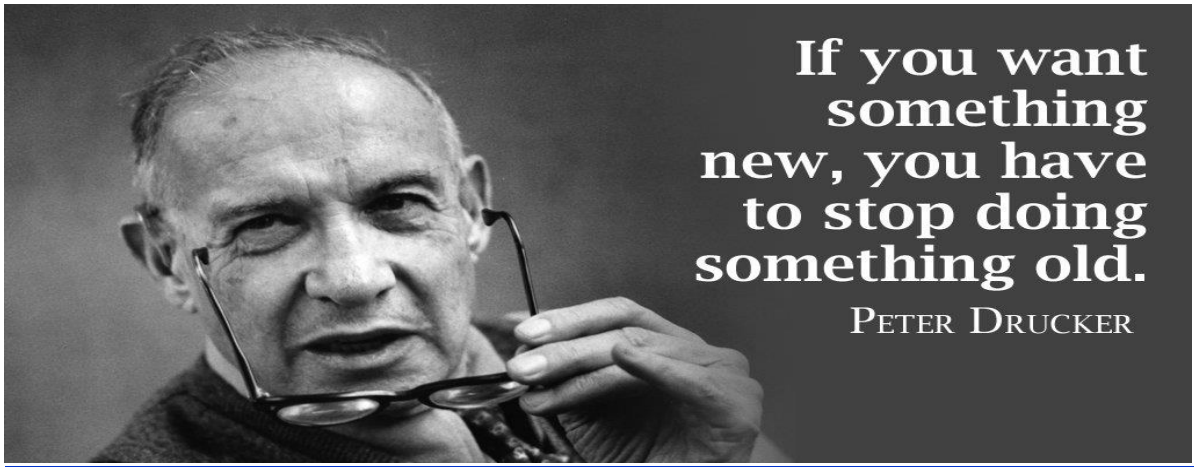
- Peter Drucker



We are becoming aware that the major questions regarding technology are not technical but human questions
Peter Drucker

Source: "Technology Management and Society" (1970), page 76


"ENTREPRENEURSHIP IS NEITHER A SCIENCE NOR AN ART. IT IS A PRACTICE."
PETER DRUCKER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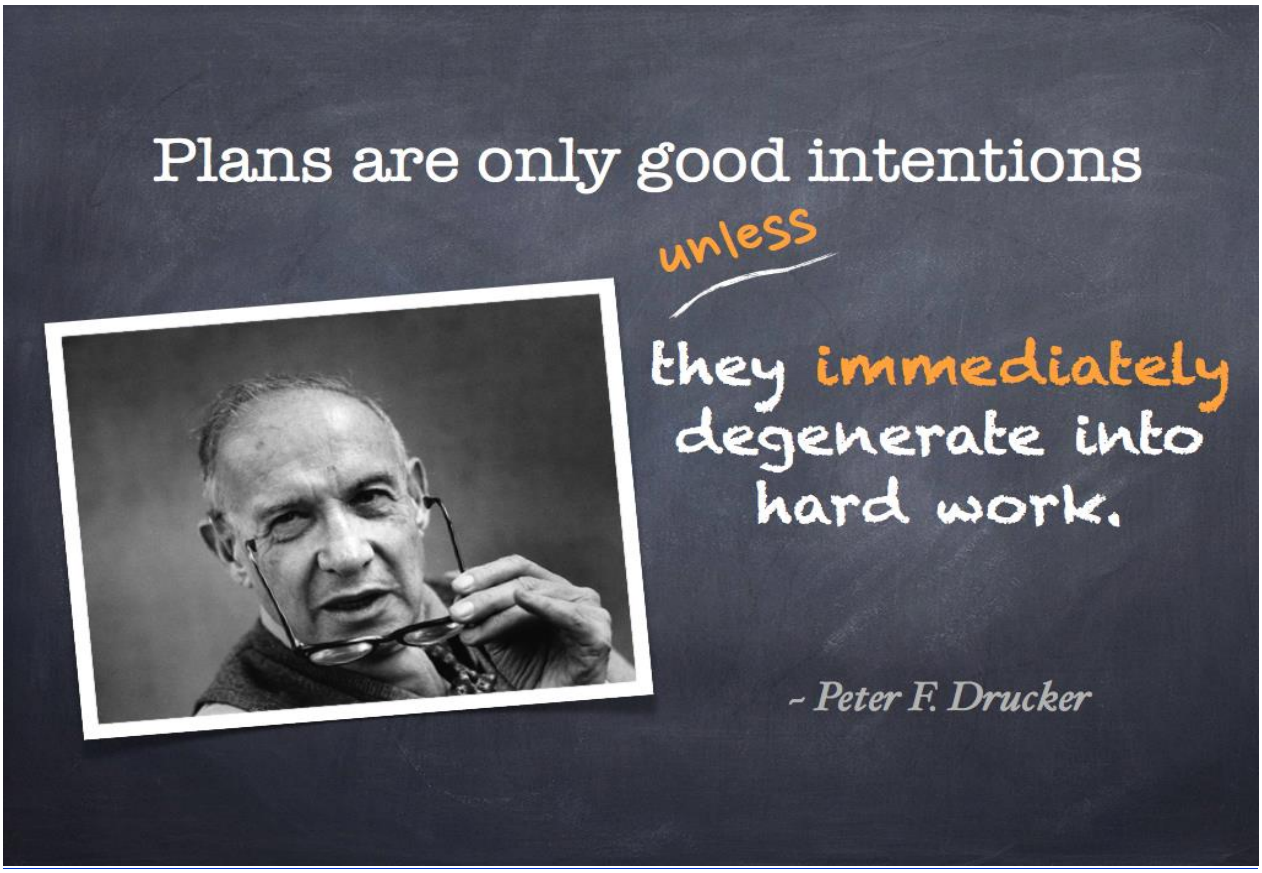
PETER DRUCKER


Plans are only good intentions
unless
they immediately degenerate into hard work.
~ Peter F. Drucker

Some Useful Web Links

a) Containing very highly selected quotes;
b) Quotes with additional links;
c) Quotes with appropriate pictures;
d) Quotes with comments;
e) Quotes on selected topics: Management, Quality, Leaderships, etc.,

01]https://www.processexcellencenetwork.com/lessons_from_peter_drucker/articles/_12-classic-quotes-from-peter-drucker

02] https://www.goodreads.com/author/quotes/12008.Peter_F_Drucker

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Tributes

by

New York University

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The Alumni Magazine of NYU Stern

STERNbusiness

SPRING/SUMMER 2006

THE MANAGEMENT THINKER'S YEARS AND WORK AT NYU STERN

PETER DRUCKER, 1909-2005

In this issue of STERNbusiness
we mark the passing of Peter Drucker,
the prolific and brilliant management theorist who spent
the most productive portion of his remarkably long and influential career
at New York University Graduate School of Business Administration, as Stern was then known

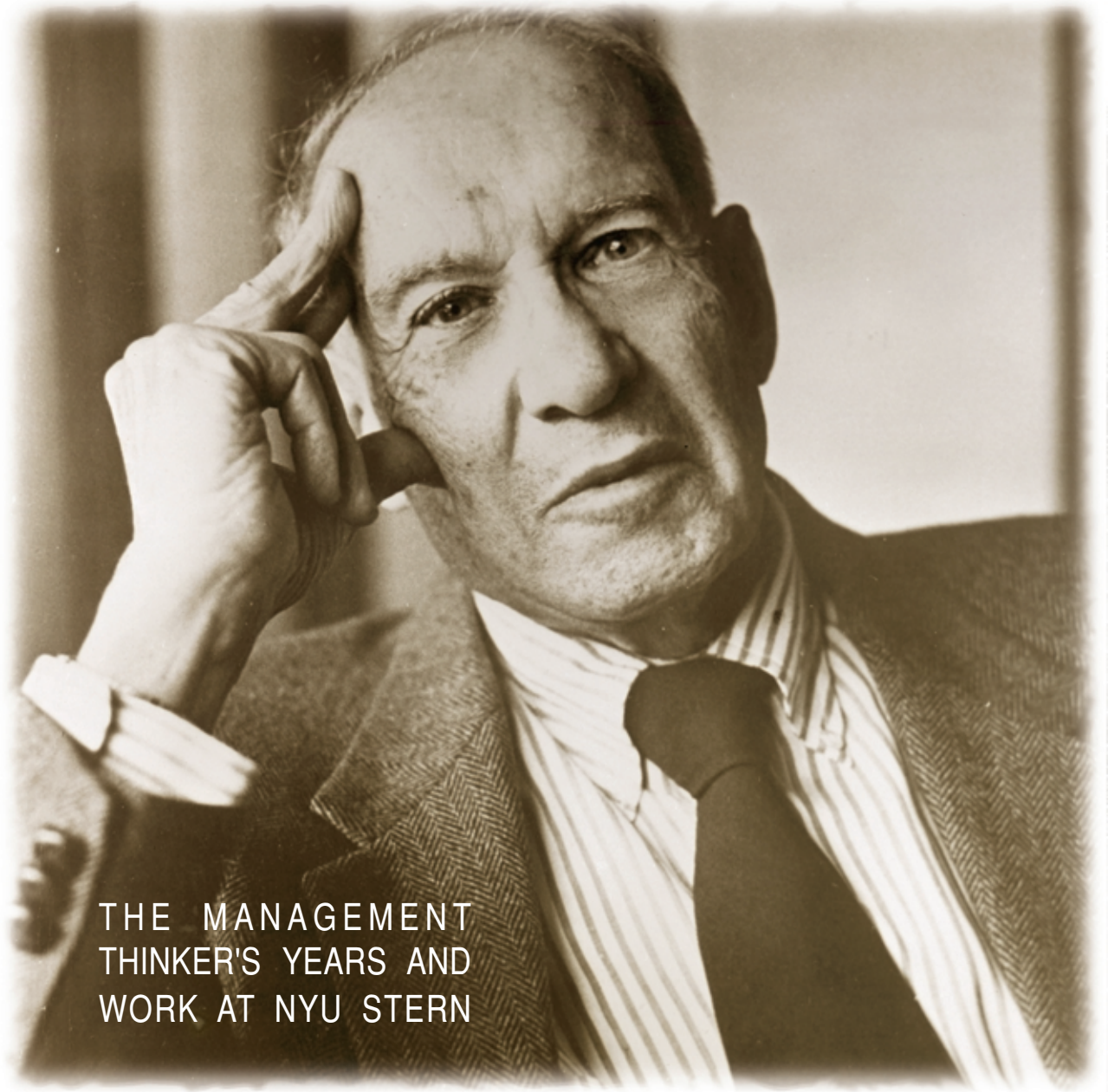
<<< Thomas F Cooley
DEAN

SPRING/SUMMER 2006

the Alumni Magazine of NYU Stern

STERN business

PETER DRUCKER, 1909-2005



THE MANAGEMENT THINKER'S YEARS AND WORK AT NYU STERN

Media Moguls Crash Campus ■ Greenspan Honored ■ Michael Steinhardt on Investing ■ Kidville Grows Up ■ Enron's Impact on Jobs ■ Beware Celebrity CEOs ■ Profits at Family Firms

a letter from the dean

In this issue of STERN*business* we mark the passing of Peter Drucker, the prolific and brilliant management theorist who spent the most productive portion of his remarkably long and influential career at New York University Graduate School of Business Administration, as Stern was then known.

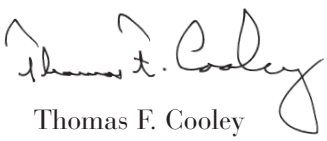
Drucker had a transformative impact on the field of management, and on the broader business culture, because he was a creative and innovative thinker who did not confine his analysis to the standard theories of the day. While he spent much of his career based at universities – he taught at the School from 1950 to 1971 – he never fit conveniently into the academic mold.

Whether the topic was the impact of technology or the management of large corporations, he always offered a bold and fresh viewpoint – one in which close observation and experience informed theory. The same process worked in reverse. Through his writings, teaching, consulting, and lectures, Drucker brought theory and academic research outside the walls of the university to an extraordinarily broad audience.

Drucker encapsulated much of what we regard as our mission at NYU Stern – bringing together the best of academic research and real-world experience to provide the best business education to the brightest business students. It's a mission we're uniquely positioned to carry out by virtue of our location in New York. We see New York, in all its complexity and dynamism, as our classroom. In and around the city, the huge concentration of companies, managers, and executives serves as a vast source of knowledge – and as an audience eager for the future talent we provide.

As seen in this issue's alumni pages, Stern is actively connecting with a community that spans the globe. But we also have our sights set closer to home. In September, our Langone Part-time MBA Program, which already offers evening and weekend-only options at our Washington Square Campus, will return to Westchester County. This location will make it more convenient for working professionals in the area to advance their careers without stepping away from them. Students in Westchester will benefit from the same excellent curriculum and faculty and receive the same degree as all NYU Stern MBA students.

Making it easier for busy professionals to integrate a first-rate business education into their working lives is the sort of project that would surely have intrigued Peter Drucker. With this issue, we honor his legacy and contributions to the School and to the communities we serve, and we highlight the many exciting efforts and initiatives underway at Stern.



Thomas F. Cooley
Dean

contents

SPRING/SUMMER 2006

2 Public Offerings
Alan Greenspan receives honorary degree, KKR founder Henry Kravis discusses private equity, and Vanguard founder John Bogle and author Kurt Eichenwald talk ethics

8 Stern in the City
8 Estée Lauder's global brand manager, *By Daniel Gross*
9 A serial entrepreneur's latest venture is child's play, *By Stephanie Sampiere*
11 8 questions for Houston Rockets owner Leslie Alexander

12 Cover Story – Peter Drucker, 1909-2005
Remembering the NYU Stern years of the 20th century's most influential management theorist, *By Dale E. Zand, Richard Freedman, and David Rogers*

18 Leading Indicators
Stern's CEO Series: Talking media franchises with **Anne Fudge** of Young & Rubicam Brands, **Mel Karmazin** of Sirius Satellite Radio, and **Janet Robinson** of The New York Times Company

22 Prospectus
New faculty appointments, noteworthy papers, awards, and honors

Office Hours – Faculty Research

24 The Burden of Celebrity
How CEOs can lose by winning awards, *By James B. Wade, Joseph F. Porac, Timothy G. Pollock, and Scott D. Graffin*

28 Heir Loss
Do shareholders benefit when corporate control stays in the family? *By Morten Bennedsen, Kasper Nielsen, Francisco Perez-Gonzalez, and Daniel Wolfenzon*

32 Enron's Final Accounting
Fraudulent accounting can lead to substantial job losses, *By Simi Kedia and Thomas Philippon*

36 Peer to Peer
Student Life in Washington Square and Beyond: C200/BNP scholarship, a thriving tutoring business, the Undergraduate College partners with Wharton, and students' in-depth look at the Met Opera

38 Alumni Affairs
Alumni News and Events: The Alumni Ball, a career network and global community, and alumni in Westchester/Fairfield

42 Class Notes

48 Past Performance
Dean Abraham Gitlow witnessed NYU Stern's maturation from a post-war factory to a global power, *By Daniel Gross*

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PUBLIC Offerings

A SARBANES-OXLEY FOR NONPROFITS?

From left to right: Professor Seymour Jones, Mark Lilling, Barry Fingerhut, and Joel Levy.

In November, nearly 200 academics, industry practitioners, regulators, and legal professionals attended a gathering at NYU Stern to debate whether it is practical or necessary for nonprofit organizations to implement Sarbanes-Oxley governance reforms. The event, sponsored by NYU Stern Ross Institute's Corporate Governance of Not-for-Profits, was moderated by Seymour Jones, clinical professor of accounting at NYU Stern, and Mark Lilling (BS '72), managing director at Great Neck, New York-based Audit Committee Consulting Team LLC.

Lilling noted that in New York City alone there are 92,000 nonprofit organizations with a total of $218 billion in assets. Given the vast number of organizations – and the vast size of their assets – he asked panelists whether nonprofit organizations should be subject to a set of regulations similar to those imposed on corporations by the 2002 Sarbanes-Oxley Act.

Barry Fingerhut (MBA '69), president of GeoCapital, LLC, who sits on a number of private boards, including the NYU Stern Board of Overseers, spoke about his experience as a board member at FEGS, the largest not-for-profit health-related and human services organization in the United States. According to Fingerhut, FEGS is already years ahead of public and private boards in terms of accounting practices and has always had adequate controls in place. However, he noted that a majority of nonprofits are under-funded and under-managed, and would have a difficult time being compliant with Sarbanes-Oxley.

Gerald Rosenberg, chief of the New York State Attorney General's Charities Bureau, discussed how his agency investigates accounting abuses by nonprofits using anonymous tips from insiders and by reading the charities section of *The New York Times*.

Teresa John, professor of accounting at NYU Stern, concluded that certain provisions of Sarbanes-Oxley, such as those dealing with independent boards, audit committees, audits, and improved controls, would indeed benefit the not-for-profit world.

Michael Hayes, a partner at PricewaterhouseCoopers LLP, said he believes that a majority of nonprofits are already implementing a good number of Sarbanes-Oxley regulations, but on their own timetable. Other panelists included: Joel M. Levy, CEO, YAI/National Institute for People with Disabilities, and James S. Sligar, a partner at Milbank, Tweed, Hadley & McCloy, LLP.

The Corporate Governance of Not-for-Profit Organizations forum was made possible through the generous support of NYU Stern alumnus Mark S. Lilling and The Audit Committee Consulting Team LLC.

AMY CHUA DISCUSSES FREE MARKETS AND INSTABILITY

In September, Amy Chua, professor at Yale Law School, delivered the annual Lubin Lecture to a packed audience of NYU Stern students and alumni from the Undergraduate College's Scholars Program. During her lecture, Chua recapped the key themes from her book, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Promotes Global Instability*, which *The Economist* selected as a "Best Book of 2003." Chua captivated the audience with her perspective on the impact of globalization, and discussed at length her theories on "market-dominant minorities," citing examples ranging from Burma to The Republic of the Ivory Coast.

The Lubin Lecture was established by Joseph I. Lubin, a distinguished business, civic, and philanthropic leader and Trustee of New York University. The lectures have attracted world-class leaders to NYU Stern including such prominent figures as Vice President Hubert Humphrey, former US Senator Jacob J. Javits, and former Federal Reserve Chairman Paul A. Volcker. In April, Thomas Friedman, foreign affairs columnist at *The New York Times*, journalist, and author of *The World is Flat*, will deliver the 2006 Lubin Lecture.

Top: New York University President John Sexton (left) and NYU Provost David McLaughlin (right) confer Alan Greenspan.

Bottom: Stern Dean Thomas Cooley congratulates Greenspan.

Photos by Phil Gallo

NYU AWARDS GREENSPAN AND BROWN HONORARY DEGREES

At a special convocation in December, New York University conferred honorary degrees upon two highly distinguished figures in the field of global finance: Alan Greenspan, chairman of the Board of Governors of the Federal Reserve System, and Gordon Brown, chancellor of the Exchequer of the United Kingdom.

In the ceremony's welcoming remarks, NYU Stern Dean Thomas F. Cooley said that both Chairman Greenspan and Chancellor Brown have kept their nations' and the world's economies on course and have had a transformative influence on the way these economies have developed. Dean Cooley also shared his pride in Greenspan (PhD '77, MA '50, BS '48), one of Stern's most noted alumni: "At the Stern School, we aspire to teach our students about the transformative potential of business and the global business environment," he said. "No one represents this aspiration in a more realized form than our most celebrated alumnus, Alan Greenspan."

Robert Kavesh (BS '49), NYU Stern emeritus professor, presented Greenspan with his degree and reflected on their relationship. They were students together at NYU, which Greenspan attended after studying the saxophone at the Juilliard School. Later, Kavesh taught Greenspan as he pursued a graduate degree at Stern. NYU President John Sexton shared an observation provided by Greenspan's wife, NBC correspondent Andrea Mitchell, who said, "If Professor Kavesh were not such a great teacher, we might have had a great jazz player."

In accepting his honorary degree, Greenspan commented on how, on average, world standards of living are rising in large part because of the widening embrace of competitive free markets in China and India. "Since the autumn of 2001, global gross domestic product per capita has grown more than 8 percent. And growth in developing Asia, where so many of the world's poor reside, has been considerably faster," said Greenspan, whose 18-year tenure at the helm of the nation's central bank ended in January.

Brown, who has served in the UK's top financial post since 1997, lauded both NYU and New York City in his acceptance speech. "It is a privilege to be awarded and to receive an honorary degree in this great city, from this great university, which by virtue of its location – in and of the city – has become a global university of and for the world," he said.

Like Greenspan, Brown also discussed global economic trends. "Globalization can work for people or against people," Brown said. "Poorly managed, globalization can create a vicious circle of poverty, widening inequality, and increasing resentment. Managed wisely, it can lift millions who participate in the world economy out of deprivation and become the high road to a more just and inclusive global economy."

Greenspan left the audience with a final thought: "America's founding fathers … bestowed upon us a system of government and a culture of enterprise that have propelled the United States to the greatest material prosperity the world has ever experienced. Today's students, both here at NYU and throughout our country, are carrying forward those traditions. I know they will improve upon this inheritance of democratic government and free markets in ways that we have yet to imagine."

FLORIO'S GUESTS INCLUDE MEDIA BIG SHOTS TOM FRESTON, MARTHA STEWART, AND SUSAN LYNE

Martha Stewart (left) and Susan Lyne.

Steve Florio, (BS '72), an executive-in-residence at NYU Stern, takes the title of his course literally. For his course, Leadership in the Communications Industry, the former president and CEO of Condé Nast Publications, Inc., routinely exposes his students to well-known leaders in the communications industry.

Last September, Viacom Co-president and Co-chief Operating Officer Tom Freston (MBA '69) visited NYU Stern and spoke candidly with MBA students and alumni about his rise from one of the founders of MTV to the chief of a leading global media company, which now includes CBS, Nickelodeon, Comedy Central, Spike TV, and Showtime. In January, Freston became the chief executive officer of Viacom.

Freston said it was important for Viacom to focus on its consumers, meet their needs, and deliver on their expectations, particularly in a "media world that is in an unbelievable state of disarray right now – it's becoming fragmented because of the Internet." He cited creativity, innovation, and open-mindedness as key factors in the company's success, and noted the company's commitment to having a global perspective, decentralized management, and strong employee culture.

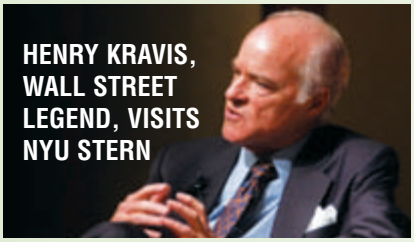
He encouraged entertainment managers to hire a diverse group of talented people and keep them informed; create a positive and fun corporate culture; maintain a passionate and open-minded attitude; put creative people in charge; celebrate success; give back to the community; and recognize when there is a need for a "good shake-up." Above all, Freston encouraged students to "Do something you like. Luck and timing may not always work in your favor, but that doesn't mean you're not succeeding because of your abilities."

On November 2, Florio brought in Martha Stewart, founder, and Susan Lyne, president and CEO, of Martha Stewart Living Omnimedia, Inc., to speak candidly with students about the rise, fall, and recovery of the lifestyle corporation.

After years as a stock broker, Stewart pursued her dream of creating beautiful "How To" books on homemaking. She found a partner in Time Warner after meeting much resistance from countless publishers, and proved that tireless persistence in pursuit of one's goals does indeed pay off. Stewart also spoke openly of the scandal involving her sale of shares in the drug company Imclone, which temporarily derailed her career and created a series of challenges for Martha Stewart Living Omnimedia.

Susan Lyne followed Stewart, detailing her career path, including her term at ABC working to launch hit television shows "Desperate Housewives" and "Lost." Lyne, who joined Martha Stewart Living Omnimedia in 2004 during a critical transition for the corporation, described the initiatives she has put into motion at the company to rebuild momentum, strengthen the management team, and return the Martha Stewart image to television. Martha Stewart's new shows "The Apprentice" and "Martha" debuted this fall on NBC.

HENRY KRAVIS, WALL STREET LEGEND, VISITS NYU STERN



NYU Stern's Berkley Center for Entrepreneurial Studies, with the help of Stern alumnus Al Berrios (BS '00), recently welcomed Henry Kravis, co-founder of Kohlberg Kravis Roberts & Co., the private equity firm that was instrumental in legitimizing the use of leveraged buy-outs for underperforming organizations. Jeffrey Robinson, Stern assistant professor of management, conducted a candid interview with Kravis in front of an audience of 150 students and alumni.

Kravis described his early professional years as a runner at Goldman Sachs, which marked the start of a successful career on Wall Street. He also spoke about the launch of Kohlberg Kravis Roberts & Co. (KKR) and two of its most well-known acquisitions, RJR Nabisco and Toys "R" Us. He then touched on KKR's newest endeavor – the company's expansion into the Asian market with the opening of offices in Hong Kong and Japan.

From left to right: Al Berrios, Henry Kravis, Deputy Dean Russell Winer, and Professor Jeffrey Robinson.

NOBEL LAUREATES, LEGENDARY INVESTORS CONVENE FOR HEDGE FUND CONFERENCE

The rapid growth of hedge funds has been one of the biggest stories in the financial world in recent years. Last September, a conference convened by NYU Stern's Salomon Center brought together two Nobel laureates, several hedge fund pioneers, and about 400 people from the frequently overlapping spheres of finance and academics to discuss trends and research in the field.

From left to right: Dean Thomas Cooley, Myron Scholes, and Luc de Clapiers.

Below, right: Professor Robert Engle spoke about his new research on measuring downside risk.

The Hedge Fund Conference, sponsored by IXIS Capital Markets, a member of the fourth largest banking network in France, opened with remarks from NYU Stern Dean Thomas Cooley and IXIS President and CEO Luc de Clapiers. Michael Steinhardt, the former managing member of Steinhardt Management LLC and a legendary figure in the hedge fund industry, gave the morning keynote address. Steinhardt reflected on his 27-year career in hedge funds and discussed the changes that have affected the industry since his retirement. Steinhardt pointed to what he views as the alarming proliferation of hedge funds today, the increased management fees which are not reflected in returns, and the heightened emphasis on transparency between manager and client. Steinhardt advised fund managers to make sure their first priority is always to make money for their clients.

The conference featured professors from leading business schools who presented new research on hedge fund-related topics, including market price of variance risk; share restriction and asset pricing; hedge fund performance, risk and capital formation; and measuring volatility. Robert Engle, 2003 Nobel Laureate and Michael Armellino Professor of Finance at NYU Stern, shared his new research on measuring downside risk. In several panel discussions, financial services executives covered a wide range of issues, including performance expectations, evaluating hedge funds, and risk strategies/management.

In his luncheon keynote address, Myron Scholes, 1997 Nobel Laureate and chairman of Oak Hill Platinum Partners, addressed the prevalence and inevitability of systematic risk in hedge funds. These risks include major events, such as Hurricane Katrina and September 11, which always impact the economy and ultimately clients' investments but cannot be predicted. Scholes suggested that managers build flexibility into their risk models to account for unanticipated events.

The conference concluded with a dinner reception featuring Alan Blinder, economics professor, co-director of Princeton's Center for Economic Policy, vice chairman of The G7 Group, and a former vice chairman of the Federal Reserve Board of Governors. Blinder spoke of the impending regulations the SEC is expected to impose on the hedge fund industry. He outlined the different types of regulations, from disclosure to anti-fraud guidelines, and recognized that while some of the generic arguments for regulation apply to hedge funds, self-regulation should be sufficient to ensure good business practices.

Top, from left to right: Max Holmes, Geoffrey Gold, Marti Murray, Allan Brown, Professor Ed Altman, and Jeanne Marano, executive director of Alumni Affairs.

Bottom: Ed Altman and Wilbur Ross.

PROFESSOR ALTMAN LEADS LIFELONG LEARNING WORKSHOP ON DISTRESSED DEBT

Edward Altman, Max L. Heine Professor of Finance at NYU Stern and the vice-director of the Salomon Center for Research in Financial Institutions and Markets, recently led a Lifelong Learning Workshop on "Investing in and Analyzing Distressed Debt." This half-day workshop, sponsored by the Office of Alumni Affairs, featured a presentation by Altman and Wilbur L. Ross, Jr., the noted turnaround financier and chairman and CEO of WL Ross & Co. LLC, as well as a luncheon and a panel discussion with industry experts.

Altman offered a preview of his famed "High-Yield Bond Default and Return Report" for the third quarter of 2005. Altman explained that while default rates have retreated from their high in 2002 and investors have seen an all-time high recovery rate of 60 percent in the third quarter of 2005, there will be higher default rates in the future, with larger companies among the victims. "No longer is size a proxy for health," said Altman, who was named one of the 100 most influential people in finance by *Treasury and Risk Management* magazine. He noted that the market has grown dramatically in recent years, with a face value of $700 billion, market value of $540 billion, and an estimated $150 billion dedicated to investing in this area in America alone.

Ross provided a case study on his revitalization of the steel industry in 2002, where he created the International Steel Group (ISG). ISG acquired Bethlehem Steel, LTV, Weirton, Acme, Georgetown, and US Steel's plate operation to become the largest integrated steel company in North America. Then, through its merger with Mittal Steel, it formed the largest steel company in the world. Ross also discussed his interest in purchasing distressed automotive parts enterprises, like Collins & Aikman. In describing the roller coaster ride of working with turn-around companies, Ross said, "There are two good days – the day you get in, and the day you get out."

The workshop concluded with a panel discussion with industry experts Allan Brown (MBA '94) from Concordia Advisors, Geoffrey Gold (MBA '91) of Strategic Value Partners, Max Holmes from Plainfield Asset Management, and Marti Murray (MBA '86) of Murray Capital Management.

Altman has been educating Stern MBA students on "vulture investing" and "bankruptcy predication" for 30 years and has approximately 50 graduates known as "Altman's Vultures," who are established professionals in the distressed debt markets.

VANGUARD FOUNDER, BOGLE, CRITICIZES CORPORATE GREED

Mutual fund pioneer John Bogle kicked off NYU Stern's 2005-2006 Author Lecture Series with a rhetorical jolt. The founder and former head of The Vanguard Group of mutual funds, Bogle has been an advocate for the individual investor for more than 50 years. Since retiring from Vanguard in 2000, he has emerged as a frequently caustic critic of corporate governance. His most recent book, *The Battle for the Soul of Capitalism*, lays out his views on the recent failures of the American financial system.

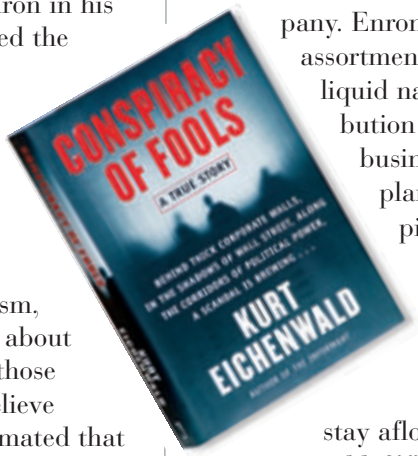
In a discussion on November 17 with a packed house of alumni and students, Bogle noted that his lectures at NYU Stern – he was a visiting professor in the 2000-2001 academic year – served as a precursor to his fifth book, *The Battle for the Soul of Capitalism*. The book examines how, in Bogle's view, the business and ethical standards of investment, corporate, and mutual fund America have been greatly compromised as the US economy has moved from an ownership society in which individuals held the capital of corporation, to a structure in which institutions predominate as owners. As a result, he said, owners' capital has been put at risk to build the interests of corporate and financial managers. Bogle suggested that we need to return to building companies with integrity, and to a system in which the money invested in a company and put at risk by the investor is actually used to benefit the investor rather than corporate and financial managers.

Bogle, 75, offered extensive anecdotes from the corporate, investment, and mutual fund arenas. Among his observations: there has been a failure of corporate gatekeepers and a rise in management compensation; the proportion of stocks held by individuals has fallen from 92 percent in 1950 to 32 percent today; and the mutual fund industry has been taken over by financial conglomerates, with 41 of 50 fund managers being publicly held.

"It is time to build the world anew," Bogle argued. "Fund managers today are in the business of earning a return on their capital, not yours." He called for the formation of a federal commission that would develop policies to respond to corporate failures. He also recommended taking the steps necessary to eliminate the shortfall of public, private, and individual retirement plans, and reaffirmed his desire to create a fiduciary society where citizen investors receive their fair share.

NEW YORK TIMES REPORTER EICHENWALD INAUGURATES HAITKIN LECTURE SERIES

In October, *New York Times* reporter Kurt Eichenwald, who chronicled the demise of Enron in his best-selling book *Conspiracy of Fools*, delivered the first Haitkin Lecture. Hosted by NYU Stern's Market, Ethics and Law Program, the Haitkin Lecture aims to analyze issues of ethics and integrity in the practice of business. It is made possible through the generosity of alumnus Jeffrey Haitkin (BS '68).



Eichenwald, a two-time winner of the George Polk Award for Excellence in Journalism, outlined the business judgments that brought about Enron's epic failure and the moral lessons of those actions. "The vast majority of what people believe happened, didn't," said Eichenwald, who estimated that incompetence and bad management were two to three times more prevalent than illegal activity.

Eichenwald chronicled Enron's transition from a simple oil pipeline company to an energy trading company, and cited the positive publicity that management received in the press as a defining moment in the company's development. Enron's senior managers, he said, believed themselves to be so smart that they effectively abandoned the work. Their collective arrogance was a fundamental element in the company's collapse.

Having read all of Enron's board minutes and documents since 1992, Eichenwald spoke authoritatively about the many foolish decisions made at the company. Enron, he noted, invested $12 billion in an assortment of ill-advised ventures, including a liquid natural gas plant in India, retail distribution in Brazil, and an Internet broadband business. All these investments were badly planned, badly executed, and underpinned by poor analysis, which compounded the problems brought about by a series of complicated, conflict-ridden deals constructed by Chief Financial Officer Andrew Fastow.

"The question is 'How did Enron stay afloat so long?' not 'How did it collapse so quickly?'" Eichenwald said. After all, neither the company's business model, structure, or managerial mindset actually worked. Enron had "a poisoned culture of arrogance" that silenced those employees who questioned management.

Calling himself "a proponent of financial history," Eichenwald urged students to learn from the Enron debacle. "There are lessons each of you can learn," he said. He also cautioned, "We will be here again."

Stepping into the Shoes of a Cosmetic Giant

By **Daniel Gross**

It can be a daunting challenge for a non-family member to assume responsibility for a third-generation family company – especially when your bailiwick includes running the firm's namesake brand. That's the task John Demsey (MBA '82) faces as global president of the Estée Lauder Brand.

The Estée Lauder brand is the heart of the eponymous cosmetics company, founded by Estée Lauder in 1946. While Estée Lauder died in 2004 at the age of 95, the third generation of family leadership – her grandson, William Lauder, is president and chief executive officer of the company, son Leonard Lauder is the chairman, daughter-in-law Evelyn Lauder is senior corporate vice president, and granddaughter Aerin is the senior vice president, global creative directions of the Estée Lauder brand – carries on the tradition.

Demsey grew up in Shaker Heights, Ohio, attended Stanford University, and went to work at Macy's after graduation. He parted paths from most of his Stern colleagues in the class of 1982 by forgoing a career in investment banking and returning to retail, working at Bloomingdale's, Saks, and Revlon before joining Estée Lauder in 1991 as the vice president of sales for the West Coast region.

At the time, the firm was privately held and relied on a few large, powerful brands. Today, Estée Lauder is a publicly traded multinational organization (2005 revenues were more than $6.3 billion) with operations in 130 countries and more than 22,000 employees. The company has an impressive portfolio of brands – Estée Lauder, Origins, Clinique, M·A·C, Bobbi Brown, Donna Karan, etc. – that may seem to compete with each other. "The corporation is run as a portfolio of different brands with unique, dedicated brand management and creative direction," said Demsey. "Our philosophy is that we would rather own our competition than compete with somebody else."

In 1998, Demsey was named the head of one of those brands – M·A·C. He built it into a $500 million business, and developed the M·A·C AIDS fund into a major fundraising force. "Companies at the end of the day are about people, they're not just about products, numbers, and cash flow," said Demsey. "When you can engage people toward a common goal, or raise awareness about issues, it creates a richer environment." Demsey also said that the Lauder family's personal philanthropic activities in areas such as the arts and breast cancer were one of the things that attracted him to the company. "When I joined M·A·C, I saw the work that was being done with AIDS as an incredible opportunity to make a difference." In addition to his current responsibilities with the Estée Lauder brand, Demsey still runs M·A·C.

For Demsey, the value of the Stern MBA has been in the thought process it has instilled. "It gives you a context of how to think, and how to gather the information and

continued on page 10

Little Kids Bring Big Business

By **Stephanie Sampiere**

At age 37, Andy Stenzler (MBA '94) recently launched his fifth business. But the idea didn't come from a fellow Stern graduate, or from the bankers and venture capitalists he got to know while building the restaurant chain Cosi. It came from a source closer to him – his wife, Shari Misher Stenzler (Tisch MA '94). Shari had a hectic music class experience with their first child, Kylie, which led the couple to create Kidville, New York City's first urban campus for kids.

In Manhattan's cul-de-sac-less, concrete jungle, parents of small children continually seek ways to escape with their children from confining apartments. Kidville's first location, on the Upper East Side, caters to the area's more than 15,000 kids under the age of 5. With class names like "Big Muscles for Little Babies," "From Bach to Rock," and "My Big Messy Art Class," Kidville is a one-stop shop for the one-month to five set, offering music, gym, and art classes, as well as a place for kids and parents to mingle, shop, and eat.

The Stenzlers found that parents were looking for a single place that has all types of classes for their children, so that they don't have to travel to different places for art, gym, and dance. Kidville took this idea and added additional services for parents who arrive early or have time after class, such as a café for lunch and snacks, a retail store for buying birthday gifts and toys, and a salon for kids' haircuts and moms' manicures.

"Certainly there are a lot of competitors in this space," Stenzler said. "But typically those competitors are either a music guy, a dance guy, or a gym guy, and I think before we came along, nobody had grasped what parents really want."

The parents have responded. In the year-plus that Kidville has been open, it has attracted more than 3,000 members, most of whom live between 60th and 96th Streets on Manhattan's east side. While Stenzler says that moms attend the majority of Kidville classes, dads also try to make them, as do a fair share of nannies.

"We've become a real community," said Stenzler. "You can't choose when your friends have kids, so you have to make new friends that have kids the same age. That's one of the powers of Kidville. It has become a community for moms to meet, dads to meet, and the nannies to meet."

Kidville also offers New York City's largest pre-school alternative program. Kidville University is a gradual separation program that allows children to start classes with their parents and then socialize with other children and learn through different types of play. In the past year, the class has grown from 20 to 105 students.

Kidville University, along with the other Kidville programming, was developed by the Stenzlers, along with help from Andy's mom. Iris Stenzler was a New York City public school teacher and day camp owner for more than 40 years. After she retired, she became an informal advisor for Kidville, but missed the day-to-day interaction with children and came on board full-time as an administrative advisor.

In addition to the Stenzler family, Kidville was founded by two families close to NYU. Laurie Tisch,

continued on page 10

PHOTO BY MICHAEL MOLINOFF

continued from page 8

work as a business leader. Having the flexibility, business savvy, and sometimes the street smarts to integrate all of this is what separates you from your competition."

His advice for those just starting out in the industry or looking to transition into it: "Do what you like." And be willing to work on the periphery of businesses you're interested in. With fashion or cosmetics, he noted, there are "all sorts of ways to get into the game" – in advertising, publishing, retail, and management consulting. "Sometimes you might be better served by not going directly into the industry but by gaining your experience doing something else."

Having celebrated its 60th birthday in March 2006, Estée Lauder – like most other well-known brands – faces challenges. In the US, the waves of consolidation and the decline of traditional department stores continually disrupt established sales channels. Internationally, "we're working to redefine the brand's regional relevance, particularly in Asia. International experience is extraordinarily important and probably the most valuable thing I've learned over the last 10 years," he said. "Take India and China for example. This is where we're all going to now in terms of how products go to market. If you can get international experience, it's definitely something that will serve you well. It matters a lot now, and it's going to matter even more in the future."

Demsey believes that for all that has changed in the global cosmetic industry, crucial aspects of the company's culture, philosophy, and brands haven't changed. The strategy for future success relies in part on looking backward. "We've really gone back to the DNA and the things that made the brand a success." That means emphasizing, for example, the skin care for which Estée Lauder herself was so well-known.

And success means continuing to develop new product lines to appeal to new generations. Demsey worked on the development of the Sean Jean Unforgivable fragrance for men business with hip-hop impresario and entrepreneur Sean "Diddy" Combs. The company recently teamed with former Gucci and Yves Saint Laurent designer Tom Ford on the Tom Ford Estée Lauder Collection, a re-interpretation of select iconic Estée Lauder products. This fall, the team will launch the TOM FORD beauty brand.

The challenge of maintaining an established brand amid tough competition, while continually introducing new ones, may seem enormously complicated. But according to Demsey, at root, it's rather simple. "At the end of the day you win by having the right product at the right price at the right time." ■

continued from page 9

Honorary Chair of the Children's Museum of Manhattan, and Liz and Emanuel Stern, Leonard Stern's son and daughter-in-law, are investors in the business. So, too, is Rammy Harwood, current NYU Stern Langone student and a former partner in Stenzler's earlier business, Cosi. Tennis stars Andre Agassi and Steffi Graff, and Richard Chapman and Gordon Hamm, owners of Garage Management Corp., are also investors in Kidville.

Andy Stenzler celebrates with his wife, Shari, and their children, Kylie and Colby.

Speaking about his time at Stern, Stenzler described how he was able to complete the Langone Program on an accelerated pace because of his lucrative first job selling commercial air conditioners at York International. "I was taking nine credits a semester at Stern while I was working, and I got out in two and a half years, with the first class that graduated from the new building (the Henry Kaufman Management Center)."

Stenzler started Xando the year he graduated. Xando later acquired Cosi, assumed the Cosi name, and went public. He also has been involved in the founding of GTN.com, an online training company, and was the head of SoLofts, a sister real-estate initiative to CitiHabitats. Most recently, Stenzler teamed with fellow NYU Stern alumnus, Kenny Lao (MBA '04) to launch Rickshaw, a fast-casual dumpling restaurant. (See STERN*business*, Fall/Winter 2005)

In offering advice to other potential entrepreneurs, Stenzler said: "Take as many risks as you possibly can. A lot of students at Stern are married or have young children, and it's hard to take a risk, but you have to find ways. There are ways to do it."

So what's next for the serial entrepreneur? In May, Kidville will tap into the 15,000 kids on the Upper West Side. Stenzler also sees Kidville expanding into a media company with DVDs and books on the way. But for now, he is content heading to work with his wife and two kids in tow. The rest is just gravy. ■

8 QUESTIONS

LESLIE ALEXANDER (BS '65), Owner, Houston Rockets

1. What has been the biggest change in the league and in the business of basketball since you bought the team in 1993?

When I bought the team, there was much more upside in ticket prices and local television revenue. Now, the big upside is going to be from selling out your building, selling sponsorships. Eventually, in the next five or six years, the upside will come in the big increase in national television revenue, the use of the NBA in different channels such as the Internet, and revenue derived from other parts of the world.

2.* Forbes *says the Rockets have appreciated in value nearly five-fold since you bought the team, from about $75 million to $420 million. Are basketball teams good investments?

Yes. The nice thing about sports teams is the lack of volatility on the downside. You won't see a basketball team worth $420 million one year fall to $350 million the next year. Ultimately, we're in a content business, and we produce a lot of shows – exhibition games, regular season, and playoffs – every year. What's more, our sport seems to lend itself to global audiences in a way that, for example, baseball doesn't.

3. Every business in every industry wants to get in on the Chinese market. Is that why you signed Yao Ming, the first Chinese player in the NBA?

It was a basketball decision, pure and simple. We had the first pick, and I just wanted the player I thought could lead me to a championship more quickly. You have to remember that the NBA has very strict limitations on what teams can do outside their own boundaries. Most of what we can do in China revolves around signage in our own arena. That said, our profile in China is very high. There are millions of fans there who live, breathe, and die with the Houston Rockets.

4. Yao Ming's new long-term contract means he accounts for 25 percent of the salary cap. Does it make you nervous to have so much of your payroll tied up in one player?

Sure it does. And Tracy McGrady has about 30 percent of it. And right now, both of them are injured, and we're suffering. We're not winning. My two best players aren't playing. You have to take tremendous risks to win, and this is part of the business. This is another big difference between basketball and baseball, or football. Every player on my team is 20 percent of my starting team.

5. The Rockets won the NBA Championship twice in your early days of running the team. What are the challenges in repeating, especially with the salary cap?

In basketball, you can't just sign whoever you want to sign. We have a salary cap. And we have a limit that says no single player can get more than 25 to 30 percent of the salary cap, depending on the years of service. That makes it much more equal for all teams, regardless of the size of your home market. I'm thrilled that we have this kind of structure in place, and that's one of the reasons the teams go up in value so much.

6. Other than winning a championship, what financial or performance metrics do you use to determine whether the team had a successful season?

Winning the championship is the only metric I care about.

7. You're a well-known supporter of animal rights. How do you integrate your interests in these areas into your management of the Rockets? Can the two spheres mix?

I'm on the Board of the Humane Society. We give them free signage in our arena and free radio time. There are no animal products at our merchandise stores in the arena. And if you look at the menus in my restaurants, there's no veal and no foie gras. I used to be a vegetarian, and I try to eat as little meat as possible. Our concession stands do sell hot dogs, and, of course, the balls are leather. I hear negative things about it once in awhile. But people appreciate it.

8. You were a large and early investor in First Marblehead Corp., which is in the student-loan business. Why did you think that was an attractive business? And have you been surprised at its growth?

Well, I met the people. And probably three-quarters of the success of a business are the people, not the product. You could see that there was going to be a future in private lending to students, because the government was not going to provide enough. But it took a long time. I invested in this company in the early 1990's, and there were a lot of lean years until it went public in 2004.

Peter Drucker, 1909-2005
THE MANAGEMENT THINKER'S YEARS AND WORK AT NYU STERN

DRUCKER'S VIBRANT, TIMELESS WISDOM

THREE FORMER CHAIRMEN OF NYU STERN'S MANAGEMENT DEPARTMENT ASSESS DRUCKER'S LIFE AND WORK, AND HIS TWO FRUITFUL DECADES AT THE SCHOOL.

By **Dale E. Zand, Richard Freedman,** and **David Rogers**

Peter Drucker, perhaps the most influential management thinker of the 20th century, died on November 11, 2005, at the age of 95. Drucker, who taught at NYU Stern from 1950 to 1971, was a prolific author with a remarkable ability to communicate with executives in business, nonprofit organizations, and government. The business press referred to him as "the guru of management." And while it was not a title he sought, it was apt. Through his 40 books and hundreds of articles, Drucker changed the way academics, managers, and laypeople thought about the corporation and its role in society. For his many contributions, he was awarded the Presidential Medal of Freedom in 2002.

STERN*business* asked several members of the NYU Stern community who knew Drucker and his work to participate in a virtual symposium on the impact he had on management – and on Stern.

Peter Drucker was born in Vienna in 1909 and was trained in political philosophy, law, and economics in Europe. He was a clerk in a Hamburg export firm, a security analyst in a Frankfurt bank, and an economist at a London bank. His writing skills brought him to America in 1937 as a correspondent for several British newspapers.

After the publication of his thought-provoking book *The End of Economic Man* (1939), which was favorably reviewed by Winston Churchill, Drucker became a professor of philosophy and politics at Bennington College in Vermont. In *The Future of Industrial Man* (1942), Drucker argued that the catastrophic effects of centralized state control in Germany and Russia leading up to World War II demonstrated that democratic socialism was a deeply flawed, unreliable political philosophy. He concluded that independent, effectively managed, industrial corporations held the key to human welfare in a democratic society.

A Lasting Impression

When he was a PhD student at Stern, Henry Kaufman (PhD '58), now chairman emeritus of the Board of Overseers at NYU Stern, was one of Drucker's pupils. In a letter to Dean Thomas Cooley last fall, Kaufman, president of Henry Kaufman & Co., remembered his former teacher:

I was fortunate to be a student of his in the 1950's. His insights and perceptions left a lasting impression on me as they did on so many others. In my time, his book, The Practice of Management, *had already reached wide acclaim and quite a few of the views that were expressed subsequently in his book,* The Age of Discontinuity, *were sprinkled in many of his lectures.*

What perhaps stood out to me as most significant was his capacity to spot important changes and structural developments that were bound to have an influence on management and on economic behavior. That approach left its imprint on me. During my professional career, I have tried very hard to discern the differences between current developments in business and finance and those of the past.

Peter was also helpful to me in a personal way. He was one of the six professors who questioned me for three hours, a requirement for getting a PhD degree from the School. I started off very poorly in my oral defense, but at midpoint I was allowed to go to the bathroom. Peter followed me and said, "Henry, your performance during the first half hour was terrible, but you are beginning to recover, and if you now steady out, you will pass the oral examination." I always felt that was a kindly thing for him to do considering I was just a fledgling junior banker at the time.

Peter Drucker was not one of the academic breed that often dominate life at a university. Nevertheless, he was a giant in his field. Peter Drucker, Marcus Nadler, and several other professors at that time provided strong footings upon which the School was able to build an institution of even greater prominence. – **Henry Kaufman**

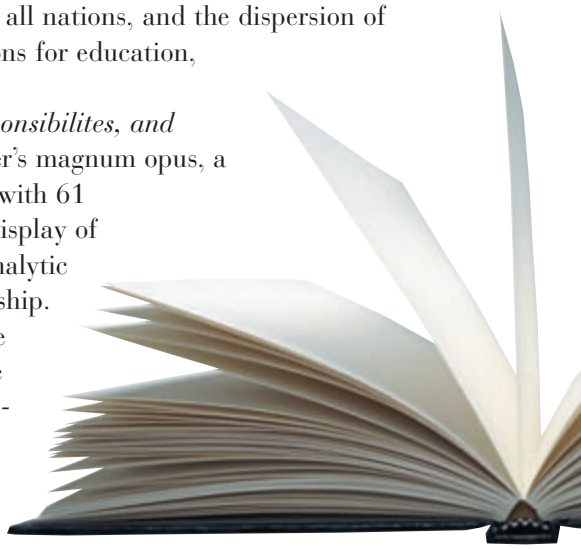
In 1945, General Motors invited Drucker to study its inner workings, which gave him an unusual opportunity to study management in action in a major corporation and led to his landmark book *Concept of the Corporation*. After writing this book, he was no longer the arms-length political economist talking about the firm as an abstract entity. He had been inside the belly of the beast. And from that point on, Drucker came to understand and appreciate the incredible impact management could have on society's quality of life and economic well-being.

Fruitful Tenure

Drucker became deeply interested in management as a study in itself. He was attracted to New York University Graduate School of Business Administration (GBA), as Stern was then known, in 1950 with its student body of working managers and executives who had sufficient experience and motivation to appreciate both management theory and practice. During his tenure at the School, Drucker wrote more than 10 books. Among them were several that established his reputation as a leading thinker in management. His insights in these books are still current, almost half a century later.

Looking back, it is evident that his years at Stern were some of his greatest and most productive. *The Practice of Management* (1954) examined the definition of management, its role in organizations and society, and why management matters. *The Effective Executive* (1966) explored what makes executives productive and how they should manage the many demands on their limited capabilities and time. *The Age of Discontinuity* (1968) was remarkably prescient. It foresaw the rise of global organizations, the development of an interdependent world economy, the need to make the poor productive in all nations, and the dispersion of knowledge and its implications for education, work, and leadership.

Management: Tasks, Responsibilites, and Practices (1973) was Drucker's magnum opus, a volume of almost 900 pages with 61 chapters. It was a stunning display of the scope and depth of his analytic talent and writing craftsmanship. The volume examined a huge range of topics, including the elements of business performance, managerial work and skills, workers and worker



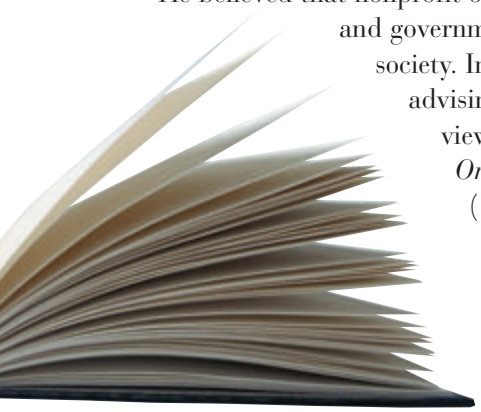
productivity, top-management tasks, corporate strategies, organization structures, and business social responsibilities.

Unconventional Wisdom

Although many of his ideas may seem conventional today, he broke new ground when he formulated them. *The Economist* noted that Drucker is "the one management thinker every educated person should read." As a teacher, his probing analysis of management issues provided students with new insights and ways of studying problems. In an age when management and marketing were taught through formalistic prescriptions built around Weber's classic model of bureaucracies, Drucker broke the mold by focusing on the reality of problems managers faced in organizations. Ralph Davis' *The Fundamental of Top Management* (1951), then one of the most widely-used management textbooks, seems ancient and irrelevant compared to Drucker's classic, *The Practice of Management* (1954), which is still fresh and vibrant today.

Drucker formulated or expanded many of the basic concepts of modern management. For example, the role of profits as a cost of capital and fund for innovation; the importance of decentralization rather than huge, centralized functional departments in large organizations; the liberation of entrepreneurship; the focusing power of management by objectives; the need to understand customers and create products they want, rather than push the sale of those the firm could manufacture but customers did not want; the emerging importance of knowledge workers; the role of labor as a creative human resource rather than a disposable cost of production; the centrality of executive integrity; and the need to reign in chief executive pay. Any one of these themes could occupy the entire career of an academic or consultant. Yet they and many others rolled off Drucker's pen year after year with new and more challenging insights.

He believed that nonprofit organizations, in addition to business and government, make crucial contributions to society. In his later years, he spent much time advising them, and he summarized his views in *Managing the Non-Profit Organization: Practices and Principles* (1990).



After his 22-year stint at the School, Drucker accepted a position at Claremont College in California. But he returned

A Colleague Remembers

Robert (Bob) Kavesh (BS '49), who joined NYU Stern's faculty in 1958, was Drucker's colleague for nearly a decade and a half.

Peter was the great one for ideas, notions, and concepts. I have seen just about everything that he had written, and there is not a hint of an equation. During the 20-plus years that he was at NYU, the field of business education was changing, becoming more analytical and mathematical. And so there was a major difference between the Peter Drucker approach to thinking, and the later thinking. Some people may have said that he seemed to be talking common sense. But it was much more than that. When you go back, and you read some of his earlier works – like the GM study – you can see how profound and meaningful it is. When I read the works of Peter Drucker, I find myself nodding in agreement.

We both lived in Montclair, NJ, and we would get together from time to time for dinners, almost always at his house. At these dinners, he'd open up a discussion, and then it was Peter Drucker almost free-associating. His mind was unbelievable. He would jump all over the place, from Japanese art to German novels, to philosophy. He was a learned man, and when given the opportunity to sit or stand at a pulpit, he was superb. He did have an accent, and that lent a little more authority to what he said. In all the years he was here, I never heard him say an unkind word about anyone. – **Bob Kavesh**

Top: Students gathered in front of the original NYU GBA building, located at 90 Trinity Place near Wall Street, where Drucker taught many of his classes.
Center: GBA was located three blocks from the New York Stock Exchange (pictured).
Bottom: Drucker taught at Stern from 1950 to 1971, and he returned annually until 1991 to conduct seminars for executives.

annually to Stern until 1991 to conduct public seminars with panels of leading academics and practitioners. For two decades, Drucker headlined the Distinguished Seminar lecture series held every April. Along with invited guest speakers, Drucker held audiences of several hundred executives captive for two days.

Drucker described himself as a journalist, writer, and teacher rather than a traditional academic scholar-researcher. Because he was accustomed to the deadlines and pressures of a journalist, he said that first he wrote as much as he could about a topic of interest and, therefore, discovered what he didn't know. He then set about filling the gaps. This approach worked for him because he was a voracious reader, a sensitive listener, and an insightful analyst. He could reach back in history and readily illustrate his points by citing examples in economics, economic theory, government, politics, and business in Europe, the United States, and Japan.

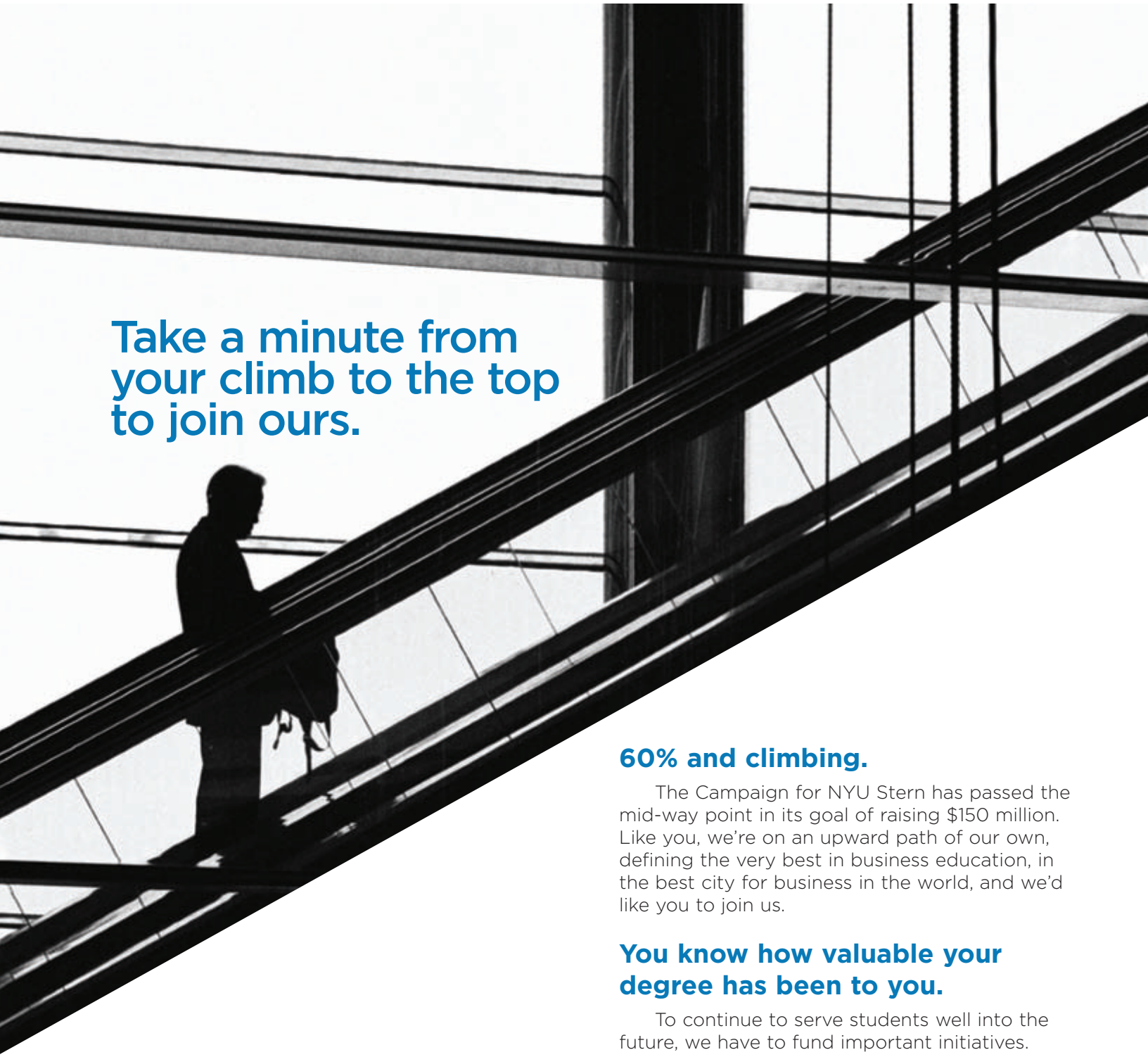
Based on his experience, particularly as a writer who had to be creative while working alone, and his observations as a management consultant, he advised executives that "one can meet or one can work." Of course he understood that some meetings were productive, but he called attention, in his pithy style, to the fact that many meetings were superfluous and accomplished little.

Traditional academics faulted him for not following the scientific paradigm of verified hypothesis – that is, proposing a testable hypothesis, gathering and quantifying data, and analyzing the data to confirm or refute the hypothesis. Drucker recognized the value of academic research and his debt to it, but never pretended to be an academic researcher.

He knew that his strength was in observation, analysis, and writing. He astutely pointed out that what is measurable is not necessarily significant, and what is not measurable is not necessarily insignificant.

Extending this point, he warned executives that the advent of computers could overwhelm them with mountains of data. Time-consuming reviews of masses of backward-looking data would not necessarily reduce uncertainty, but they could distract executives from their task of developing the perspective and generating the insight that should lead the firm into the future.

Drucker's distinctive contribution was in bridging the gap between academic theory and the practice of management. He was a master at providing the language, the concepts, and the metaphors that elevated the practice of management. He was unique in making management understandable and sensible to executives and millions of readers. ■



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The Campaign for NYU Stern

Ann Fudge

chairman and chief executive officer
Young & Rubicam Brands

Since 2003, Ann Fudge has been chairman and chief executive officer of Young & Rubicam Brands, a global network of marketing communication companies that includes Burson-Marsteller, Wunderman, Landor, Sudler and Hennessy, and Y&R. She also serves as chairman and CEO of Y&R. A graduate of Simmons College and Harvard Business School, Fudge is a veteran of the consumer products industry. She rose through the ranks at General Mills and General Foods, and became president of the $5 billion Beverages, Desserts, and Post Division of Kraft Foods, where she managed brands such as Maxwell House Coffee, Crystal Light, and Altoids. In accepting the Young & Rubicam Brands post, Fudge returned to the corporate world after a two-year absence. She also serves on the Board of Directors of General Electric and Catalyst.

***Fudge was interviewed by Randall Rothenberg, senior director of intellectual capital at Booz Allen Hamilton and editor of* Strategy + Business.**

Randall Rothenberg: *I'd like to start from the beginning. Where did you grow up?*
Ann Fudge: I grew up in Washington, DC. It was still a very segregated city, and there were times as a kid that I saw separate water fountains. So you're looking at somebody who's very much a product of living through the civil rights movement.

RR: *You went to Catholic schools. How did that environment shape you?*
AF: I went to an all-black parochial school, and then to a college prep school for girls, where I was one of 12 young black girls in a school of several hundred. So it was a very interesting educational experience on many levels. Being taught by nuns, combined with my own parents' focus on education, I really had a feeling of self-confidence despite all the challenges that faced people of color at that time.

RR: *What did your parents do?*
AF: My mother worked in government, as did my father, so both of them had very good jobs, and we were fortunate, middle class. Right before I started college in 1969, they told me: "You're going to have opportunities that we never had, so don't think so narrowly about what your career opportunities are."

RR: *In the late 60's, early 70's, business was not something that was held in high esteem. Did you know you wanted to work in corporate America?*
AF: When I went to college, my summer job experiences had been working in a department store, so I thought I would do something in retail. I worked as a buyer's assistant for about three months, and I knew that I never wanted to be a buyer. The night before Thanksgiving, I was working in the store and I was thinking, "I'm supposed to be with my family." Internships are fantastic. Even if they let you know what you absolutely do not want to do. In November of my senior year in college, my professor, Margaret Hennig, recommended I apply to business school. And it was probably one of the furthest things from my mind at the time. I got married in college and had a child, and all I could think about was getting a job and working. And so I applied to one school – Harvard – and I was accepted, and took a two-year deferment.

RR: *You went to General Mills out of business school.*
AF: The offer that I got from General Mills was the lowest offer I had, from a salary standpoint. But I was a married mom with two children, and so I thought both of what was going to be a good career and also manageable from a family perspective. My husband and I moved to the Midwest – neither of us had ever lived there. But Minneapolis is one of the best-kept secrets in America. I never thought I would leave. I moved back to the East Coast and came to work for General Foods much later because my mother got ill.

RR: *What can a General Mills teach a young MBA that a Goldman Sachs can't?*
AF: At a consumer products company, you have to understand business from the inside out: buying your wheat at a good price, packaging, ingredients, working with the FDA. If you're in a financial institution, you're working a lot with numbers.

RR: *Having a couple of little kids when starting a career just can't be easy. How did you manage it?*
AF: When you're young, you can do anything that you set your mind to. A big part of it is having a great partner. At the time, my husband worked at 3M, and he was on the other side of town. We had split responsibilities. Nannies were nonexistent, at least for us back then. And the one thing you prayed is that if your kid got sick, they'd get sick on the weekend.

RR: *So in 2001, you famously took time off to find yourself.*
AF: I wasn't lost. I moved back to the East Coast because my mom was diagnosed with a terminal illness. Then my father got sick. And it takes a toll. When my mom passed away, a secretary who had worked for me for a very long time said, "I know you're going to leave." And I just hadn't thought about it. But it took me two years from the time when I knew I needed to have a break to actually doing it. And then when I took the time off, it was less about finding myself and more about being able to express myself in ways you don't when you're working 24/7. I literally made a list of all the people that I wanted to see, the countries I hadn't been to, and the books I wanted to read.

RR: *Are you finding that it is a lot easier to be the CEO of a traditional company than a professional services company?*

"The most important thing the CEOs need to know is what they don't know. You just can't walk in tomorrow and decide that you're going to be a managing director in a financial institution after doing marketing your whole career."

AF: I find it's something that is challenging me as an individual. There's something else going on, too, that's particular to the kind of service we're in. In the past, we've created advertising messages that people watched and they decided they were going to buy that product. Today, this generation wants to be involved in the creation of a message. So you're no longer passive receivers of media. We use this phrase, "Above and beyond advertising," which is why I keep coming back and talking about marketing communications because it's no longer just about a TV spot.

RR: *Some people are just wedded to the 30-second spot. So it would seem that a real challenge for you as a leader is not just to persuade clients to think differently, but to persuade your own people to think differently.*
AF: Fortunately we have an incredible mix of young people in the organization who live

continued page 21

Mel Karmazin

chief executive officer
Sirius Satellite Radio

Mel Karmazin is chief executive officer of Sirius Satellite Radio. Founded in 1990, Sirius offers more than 125 channels – 67 devoted to commercial-free music, and the remaining devoted to sports, news, and talk shows. Karmazin returned to his roots in radio when he joined Sirius as CEO in 2004. From 1981 to 1997, he was CEO of Infinity Broadcasting. After CBS's acquisition of Infinity, Karmazin rose to become president and then CEO of the company. When Viacom acquired CBS in 2000, he became president and chief operating officer of the media conglomerate, whose properties include CBS Television, MTV Networks, and Paramount Pictures. Karmazin was inducted into the Broadcasting Hall of Fame in 2003.

Mel Karmazin was interviewed by Tom Lowry, a senior writer for* BusinessWeek*, who covers media and entertainment.

Tom Lowry: *Sirius has committed $500 million over five years to bring over Howard Stern. How do you rationalize that investment in a single individual?*
Mel Karmazin: I've worked with Howard for 20 years. I first hired him. There aren't many talents that can move an audience, and I think Howard is one of them. The average customer is paying about $117 a year. So if we get a million subscribers thanks to Howard, there's over $100 million a year we'll have. Since the announcement, the awareness level of Sirius dramatically improved to the point where more people can name Sirius than [competitor] XM. Our market share has continually grown every single month. Our stock has more than doubled since we announced the deal, so the investor community believes it must be a smart decision.

TL: *You don't have an MBA. Give me some sense of your business training and how that shaped you as a manager today?*
MK: I was born not far from here, on 11th Street between Avenue B and Avenue C, and I've lived in New York my whole life. I had no plans of going to college. I was taking a typing course, and the teacher, Mrs. Parker, asked me if I wanted a part-time job after school. I had a part-time job after school in a factory. And she said this was in an air-conditioned office and that sounded really good. So I took the job. It paid $1.25 an hour, which was the minimum wage. And it turned out to be an advertising agency. The head of the agency and his sister – neither of whom had kids – took me under their wing. And they convinced me to go to college while I was working full-time at the agency. I stayed at that agency and became a partner. And when it was sold I went to work at CBS.

TL: *You've got more than 125 channels, charge a subscription fee, music is commercial-free, and other programming isn't. How do you end up turning a profit?*
MK: Our revenues this year [2005] are estimated to be about $230 million. That's up from $67 million last year. That number is over $500 million in 2006. We've paid the money for the satellites. We've already paid for the programming. So as we get the revenue from new subscribers, roughly 70 percent of that falls to the bottom line, to the point where we've said we think we will become free-cash flow-positive in the fourth quarter of 2006. So it's all about getting subscribers. And we get them in two ways. One is they buy a Mercedes, a BMW, a Ford, or a Daimler Chrysler, and we factory-install satellite radio there. Or you go to Best Buy or Circuit City and say you want to have it.

TL: *If I'm an investor in Sirius, what kind of benchmarks should I be looking for?*
MK: Probably the single most important number at this stage in the company's growth is how you are growing subscribers. You want to take a look at ARPU, the Average Revenue Per User. And you want to take a look at the churn because you want to find out whether or not the subscribers are canceling their service. You'd also look to see whether a company is using its stock to make some acquisitions or to come back into the market to raise money. I said when I first started that our stock was like gold and that I would not be using our stock.

TL: *Apple is in discussions now with car makers to have the iPod put in as an option in models. How is that not a threat to Sirius?*
MK: I think everything is a threat. I've been involved in the radio business for an awfully long time. I remember thinking when they first put a CB radio in the car: "Oh, my God, no one is going to be listening to the radio." And I remember when they put eight tracks and then CD players in the car. I think the radio experience, including discovery, is a different experience than listening to your own music.

"I remember thinking when they first put a CB radio in the car: 'Oh, my God, no one is going to be listening to the radio.' And I remember when they put eight tracks and then CD players in the car."

TL: *It seems like Sirius has an announcement every other day for new channels. Do you guys ever say no? And what is the sort of filter for what will be a program and what won't?*
MK: Saying no is probably what we do most. There are just a bazillion requests for bandwidth. I think in the last 12 months, we added three channels. We added a Korean channel because we thought the Asian population in the United States was growing and underserved by media. And we added "Cosmopolitan Radio" and "Martha Stewart Living Radio."

TL: *Your former company, Viacom, is about to split the entertainment units and media units. Is that a good decision?*
MK: I don't get it. I don't think that the decision is being made for any strategic reason. It's being made to influence Wall Street. At a time when companies are consolidating, mergers are happening everywhere, advertising agencies are merging, Proctor & Gamble and Gillette are combining. Wal-Mart is becoming stronger than ever before. Why do you want to be weaker in negotiating against these companies? And why do you want more cost?

TL: *What do you worry most about at this point in your career?*
MK: The area that I concern myself about is making sure that whatever we say we're going to do, we're delivering. And that our integrity is there. When you're in an organization, you've got a lot of people and all you need is one stupid person to do something.

continued page 21

Janet Robinson

president and chief executive officer
The New York Times Company

Since December 2004, Janet Robinson has served as president and chief executive officer of The New York Times Company, whose holdings include *The New York Times, The International Herald Tribune, The Boston Globe*, and more than 15 other daily newspapers, television, and radio stations, a portion of the Boston Red Sox, and several websites, including About.com. In more than 20 years at The New York Times Company, Robinson, a graduate of Salve Regina College who taught in public schools for several years, has held a series of positions in the company's magazine and newspaper divisions.

She was interviewed by Jacques Steinberg, a staff reporter at* The New York Times*, and the author of* The Gatekeepers. *Jacques is currently covering television.

Jacques Steinberg: *Can you start by talking about why you wanted to become a teacher and why you decided to switch careers?*
Janet Robinson: I always felt that teaching was a calling that had great power. You have great impact on people's lives when you are a great teacher. But after teaching for 12 years, I felt it was very important for me to listen to an inner voice that was saying that perhaps it was time to do something different. I had always been very interested in publishing and media, and so I started interviewing at magazine companies and newspaper companies.

JS: *What sort of reception did you get? I mean, you had no real business experience.*
JR: You learn to live with rejection. And in fact, you make rejection your friend, which is a bit of advice that I would give to everyone. I interviewed for almost a year and a half before I got the first position, which was at *Tennis* magazine. And there were some translatable skills from teaching. You polish your presentation skills, each and every day. You have to motivate children of all ages, which transfers very nicely to becoming an executive with any company. And you are also managing performance and expectations. When I finally secured a position, it was after a very long interview in which I turned the tables, where I started interviewing the interviewer.

JS: *What did that first job entail?*
JR: They gave me all the accounts that no one else wanted. They gave me the New England territory knowing that I was from New England. So I traveled in my rented car from Vermont to New Hampshire to Boston to Rhode Island to all of the shoe companies and broke a lot of new business. But it took a lot of hard work.

JS: *Can you walk us through some of the milestones that followed in terms of your moving up the ladder?*
JR: I became the national resort and travel manager for both *Golf Digest* and *Tennis*. Then I became the advertising director of *Tennis*. They asked me then to be the corporate sales and marketing director for our women's division, which included *Family Circle, McCall's,* and *Child*, which I did for about three years. In 1993, I became advertising director of *The New York Times Sunday Magazine*, and about a year later became advertising director and the senior vice president of all advertising for the newspaper. In 1996, I was promoted to president and general manager, and remained there until 2000 when my responsibilities expanded to include *The Boston Globe* and the 15 regional newspapers we own. In 2003, I became chief operating officer of the company.

JS: *Are there parts of the operation that you were less familiar with when your responsibilities expanded?*
JR: Production. I had no idea what a printing press looked like in 1993, when I took over the advertising department of *The Times*. It was then critical to learn how printing presses worked, and how important it is to sell positions of ads effectively. I also had to become educated with regard to labor unions because we are a union shop.

JS: *The Times Company recently bought a 49 percent interest in* Metro*, a free daily paper in Boston. What was the rationale behind that?*
JR: Metro International is a Scandinavian company that brings free newspapers to the US. Boston is a young community, a very strong college community, and we really wanted to reach that younger readership. And of course, on the Internet, we're seeing free journalism as a model. So we're providing *Metro*'s readers with some content from *The Globe* that really acquaints that readership with what *The Globe* may have to offer as well.

JS: *Earlier this year, The New York Times Company bought the Internet company About.com. Can you explain that to us?*
JR: We're thrilled with About. It is a very content-rich website with 24 channels and many, many more micro-sites. With NYTimes.com, Boston.com and About.com, The New York Times Company is now the 12th largest parent company on the Internet. And the ad network that we can sell around that is really very substantial. We also acquired About because the company has a great skill in search engine optimization that we wanted to have in-house.

JS: *Help us understand why The New York Times Company wanted to be a part owner of the Boston Red Sox.*
JR: It's very important for us to be the one-stop-shopping mecca for advertisers in Boston. We have regional newspapers in that area, we have Boston.com, and we felt that it was very important for us to invest in New England Sports Ventures, which owns a piece of the Red Sox, as well as the NESN television network, which owns the rights to broadcast the Red Sox games and the Bruins games. NESN has original programming as well. When you have writers like Dan Shaughnessy, for example, at *The Boston Globe*, you want to make sure that their talents are leveraged over a variety of platforms.

"You learn to live with rejection. And in fact, you make rejection your friend, which is a bit of advice that I would give to everyone."

JS: *This is not the easiest time to sit in* The Times *newsroom. We're in the midst now of our second round of job cuts this year. Can you talk about the behind-the-scenes calculations?*
JR: You always have to look at the two lines: your expense line and your revenue line. And when your revenue line is going through either secular or cyclical changes, you have to make sure you're monitoring your expenses. At *The Times*, our greatest commitment is to quality journalism. So when we have made cuts, we have made them overwhelmingly on the business side of the operations. We're going through a very disciplined approach to productivity and efficiency within the business side of the organization. I hope we never get used

to making announcements of buyouts and layoffs because it's not an easy thing to do.

JS: *I hear constantly that the place where I go to work is endangered. Do you take a different view?*
JR: Everyone in the media business has heard this day upon day, year upon year. When the telegraph came out years ago, the newspapers were going away. Consumers are consuming news differently. But they don't necessarily choose just one medium. I think we need to realize that we are not just a newspaper company; we are a news company that will leverage the content across platforms. We constantly re-invent ourselves. We are on the radio now with XM, for example.

Audience questions:
Q: *What qualities helped you move up the corporate ladder?*
JR: I think it's extremely important to love what you do. I think that I have a lot of personal drive. If people come to work unhappy, and they're not passionate about what they do, they don't really exude enthusiasm. I walk through the revolving doors of the Times Company everyday and I'm thrilled with what the next hours will bring. And I look for that in people I hire.

Q: *After September 11th,* The Times *was unparalleled in its coverage on what was going on in the world. How difficult was it to suddenly snap your fingers, develop a new section, and have that run seamlessly with the entire organization?*
JR: The production side of things is very versatile. We have 21 print sites across the country, and they have to turn on a dime. They are constantly on call. As far as the sales and marketing in that particular instance, "The Nation Challenged" was a section that really didn't have many ads. And this is another thing that I think we are extremely proud of. Certainly, the coverage of Katrina that you saw recently was a real commitment monetarily on the part of the company to make sure we told the story. And this company will always do that.

Q: *Is The New York Times Company planning to enter or serve the US Hispanic market?*
JR: We have lots of strategic planning activity underway right now with regard to the Hispanic market. We have entered it in a small way in Lakeland, Florida, with a weekly publication called, *Vision Latina*, that was launched last December. I think there is a wonderful opportunity for the Times Company to enter that market. We just want to make sure we're entering it in the right way, and in the right platform.

Ann Fudge continued

and consume media very differently. They're helping us to think differently internally. And I've seeded a lot of them on different teams. I have a CEO breakfast once or twice a month, and I get young people from all the different companies in together so they can meet and have somebody else to talk to in another business.

RR: *There seemed to be a period where ad agencies decided they were going to be entertainment companies. And now research seems to be playing a greater role. Can you talk about that?*
AF: The differentiation for Young & Rubicam's brand is that we have a very strong asset called the Brand Asset® Valuator. It looks at four pillars: differentiation, relevance, esteem, and knowledge. It's a database of thousands of brands with four quadrants. The lower left-hand quadrant is when you're starting out, and where you want to be is in that upper right-hand quadrant, where the differentiation is strong and the knowledge is strong and the balance is just right. Our clients want to understand how all this works in a world where they have to focus on their return on investment.

Audience Questions:
Q: *Who are your role models and mentors, and could you describe your leadership style?*
AF: I'm not sure I had that many role models. When I was growing up, there weren't a lot of people that looked like me that I could look to and say, "I want to be like that." But I had a whole range of mentors. Mentors don't have to be people who are senior to you. You could have a very wise person who happens to be an assistant or a secretary in an organization who knows the ins and outs and can guide you. As for my leadership characteristics, I would like to think that I work at creating an environment where people know what to contribute and ideally create opportunities for people to collaborate. I try to be as inclusive as possible and to hear a lot of different viewpoints and then make a decision and move forward. Things are changing massively. You cannot afford to just keep analyzing the situation without taking action. And so I like to think that I'm decisive as well.

Q: *At a large integrated company, do you think that most effective CEOs are ones with technical expertise of the industry or ones with more general worldly knowledge?*
AF: I think it depends on the kind of business that you're in. The most important thing the CEOs need to know is what they don't know. You just can't walk in tomorrow and decide that you're going to be a managing director in a financial institution after doing marketing your whole career.

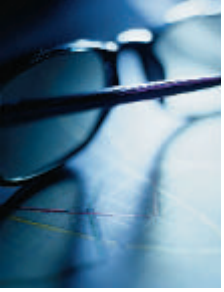
Q: *I'm a first year MBA student. I have a child, and I just started this program a few weeks ago. What is your advice on juggling everything?*
AF: I think you have to understand that you work to live, you don't live to work. That includes your family and all those other things. I'll never forget my mom saying once, before I went to college, "Whatever you choose to do, always put your family first. Because you can work at some place for 30 years, and when you die, they'll sum up your career in two lines. But your family is going to love you." And that just hit it all home again. Work hard. Trust me, I'm not trying to say don't work hard. But if you can, keep it in context.

Mel Karmazin continued

Audience Questions:
Q: *Inevitably you're going to have advertisers asking to be part of your exclusive content. How do you balance the attraction of those revenue streams with the desire to keep that content free of advertising?*
MK: We have more than 125 channels, 67 of them don't have commercials, and won't, ever. So that means we have more than 60 radio stations, in essence, in every single market in the country, where we can grow advertising. We have "Out Q," a gay and lesbian lifestyle channel, and we're getting tremendous response from advertisers who want to be on that channel. I've said to people, "Short-term, 90 percent of our revenues will come from subscriptions; 10 percent from advertising. But I like two streams of revenue as compared to terrestrial radio and television, which are just advertising driven."

Q: *In its heyday, terrestrial radio was the engine that drove the record business. I'm wondering if you have any plans at all to work closely with the record labels so that people could hear a song on Sirius and then download it?*
MK: In the last two weeks I have met with the CEOs of three of the four major record companies because I do think there are things that we can do. They love us because we are playing their music on our 67 channels. There is no country music station in New York, but we have six country music stations. There is no question that they would like us to make it possible for their music to be sold or downloaded. And we're open to that.

Q: *What was the biggest challenge you faced while you were at Viacom?*
MK: The biggest challenge was the growth area. If you're at $30 billion and you grow revenues 5 percent a year, that's $1.5 billion, and it's sort of tough. I thought when we did the Viacom/CBS merger, it was done. Game over. It was as good as it could get. I get a call on a Sunday night from somebody telling me that AOL is going to announce that they're merging with Time Warner. "Oh, my God. What does that mean?" And so Monday I'm at the office, phones are ringing, everybody is telling me what to do: "You've got to go meet with the Yahoo people." And Yahoo stock was at $230. And I'm sitting there and saying, "What is going on?"



PROSPECTUS

Japan Center Welcomes Nobel Laureate as Visiting Professor

Edward Prescott, the 2004 Nobel Laureate in Economic Sciences, has joined NYU Stern for the 2005-2006 academic year as the Shinsei Bank Visiting Professor in Economics at NYU Stern's Center for Japan-US Business and Economic Studies.

Prescott, the W. P. Carey Professor of Economics at Arizona State University's W. P. Carey School of Business, is working with colleagues in the economics departments of both Stern and the NYU College of Arts and Science. In March of 2006, Prescott and Stern's Japan Center hosted a conference on savings and the Japanese economy.

"It is an honor for the School that a scholar of Ed Prescott's distinction will be engaged at Stern for 2005-2006," said NYU Stern Dean Thomas F. Cooley. "His presence and contribution to the Japan-US Center builds on the Center's collaborations with other celebrated scholars in economics, including Nobel Prize-winning professors Paul Samuelson, Robert Solow, and Robert Engle."

Prescott, who has held teaching positions at Carnegie Mellon University, University of Chicago, University of Minnesota, and University of Pennsylvania, is the author of more than 100 articles and is noted for his contributions to the theory of economic development and growth, banking, and financial markets, as well as to business cycles and tax policy.

He shared the 2004 Nobel Prize with Finn Kydland of Carnegie Mellon University for their contributions to dynamic macroeconomics, specifically the time consistency of economic policy and the driving forces behind business cycles. In 2003, Prescott received the Erwin Plein Nemmers Prize in economics. He is currently a fellow of the American Academy of Arts and Sciences and the Econometric Society.

Kauffman Foundation Awards Grant to Berkley Center

In November, The Ewing Marion Kauffman Foundation awarded NYU Stern's Berkley Center for Entrepreneurial Studies a three-year, $735,000 grant to support and stimulate research on innovative entrepreneurship.

This prestigious grant will fund the NYU Stern Berkley Center/Kauffman Foundation Entrepreneurial Project, to be led by **William J. Baumol**, Harold Price Professor of Entrepreneurship and Academic Director at the Berkley Center.

The grant was one of many recent honors for Baumol, who is renowned for his research on entrepreneurship in economic renewal and growth. Last fall, he was inducted into the Accademia dei Lincei, the the oldest scientific academy in Italy. And the annual meeting of the American Economic Association in Boston in January featured three sessions in Baumol's honor – as well as an exhibition of his paintings.

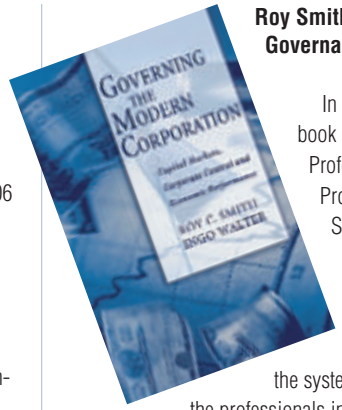
With the support of other researchers at NYU and Stern, Baumol will use the Kauffman Foundation grant to expand current research efforts, to create rich databases for use across the University and other academic institutions, and to produce useful results for practitioners. "Entrepreneurship, especially when paired with innovation, is a major stimulant of economic growth, and a powerful instrument for raising living standards and eliminating poverty," he said. "With our research we hope to fill the gap in entrepreneurial research and inspire further work on this topic."

Former TIAA-CREF Chief Named Executive-in-Residence

John H. Biggs, the former chairman and chief executive officer of pension fund giant TIAA-CREF, was appointed executive-in-residence at NYU Stern as well as executive fellow in the Executive MBA program for the 2005-2006 academic year. This appointment extends Dr. Biggs' engagement with the School, where he served as NYU Stern's Citigroup Distinguished Fellow in Leadership and Ethics for the 2004-2005 academic year.

Dr. Biggs, who received his PhD in economics from Washington University in St. Louis, spent more than 20 years at TIAA-CREF, the nonprofit financial institution that invests on behalf of employees of universities and other nonprofits. A Fellow of the Society of Actuaries, he currently serves on a number of corporate boards, including Boeing, where he chairs the audit committee, and J.P. Morgan Chase. He is also the chairman of the board at the J. Paul Getty Trust and at Emeriti, a nonprofit organization offering post-retirement medical benefits to college faculty.

Roy Smith and Ingo Walter Collaborate on New Governance Book



In January, Oxford University Press published a new book by **Roy Smith**, Clinical Kenneth Langone Professor, and **Ingo Walter**, Seymour Milstein Professor of Ethics and Corporate Governance and Strategy. In *Governing the Modern Corporation: Capital Markets, Corporate Control, and Economic Performance*, Smith and Walter trace the evolution of corporate governance over the past century to reach an understanding of how the system failed so horribly in the 1990's. They note that the professionals involved in running corporations and the financial system – executives, investment bankers, analysts – were hampered by deep-seated conflicts of interest. And they argue that politicized regulators also failed to perform as expected. Smith and Walter conclude that all agents involved in the markets, from investors to executives, must do a better job at being accountable for the fiduciary obligations they hold to shareholders, clients, and investors.

Professor Sargent to Head American Economic Association

Thomas Sargent, William R. Berkley Professor of Economics and Business, was recently named president-elect of the American Economic Association (AEA). As president-elect, Sargent will oversee a variety of the association's activities, including organizing its annual meeting and supervising the publication of the AEA's many academic journals.

"The American Economic Association is the premier professional organization in economics," said Luís Cabral, chair of the economics department at NYU Stern. "His appointment as president-elect reflects the extraordinary prestige he has in the profession."

Sargent, who joined Stern in 2002 from Stanford University, is an advisor to the Federal Reserve Banks of Minneapolis, San Francisco, and Chicago. His current work involves developing models to understand persistently high European unemployment rates, and using new statistical methods to characterize the changing behavior of the Federal Reserve since World War II and the responsiveness of the US economy to its actions.

research *roundup*

Nicholas Economides, NYU Stern professor of economics, continues his research in telecommunications and technology. His working paper, "Quantifying the Benefits of Entry into Local Phone Service," co-authored with Katja Seim and V. Brian Viard of Stanford University, quantified the savings reaped by New York State consumers due to competition in local telecommunications services between 1999 and 2003. Extrapolating the results nationwide, the authors concluded that the annual consumer benefit was $1.1 billion, until regulatory and legal decisions in 2004 killed the competition. His other paper, "Two-Sided Competition of Proprietary vs. Open-Source Technology Platforms and the Implications for the Software Industry," co-authored with **Evangelos Katsamakas** (PhD '04), of the Fordham University School of Business, was published in *Management Science*. Among other results, the paper found that when a system based on an open-source platform with an independent proprietary application competes with a proprietary system, the proprietary system is likely to dominate the open-source platform industry, in both market share and profitability. This finding may explain the dominance of Microsoft in the market for PC operating systems.

Assistant Professor of Marketing **Justin Kruger** has been delving into the psychological implications of our growing reliance on e-mail. In "What You Type Isn't What They Read: The Perseverance of Stereotypes and Expectancies Over E-mail," Kruger and Nicholas Epley of the University of Chicago Graduate School of Business showed that racial stereotypes and bogus expectancies influence people's impressions more strongly over e-mail than in voice interactions. The article was published in the *Journal of Experimental Social Psychology*. In addition, his research paper, "Egocentrism Over E-Mail: Can We Communicate as Well as We Think?" co-authored with Epley, Jason Parker, and Zhi-Wen Ng of the University of Illinois, appeared in the *Journal of Personality and Social Psychology*. The article argues that people may overestimate their ability to communicate effectively through e-mail, in large part because the difficulty in conveying tone and emotion online may make it difficult for recipients of e-mail to appreciate the messages being sent.

short *takes*

Martin Gruber, Nomura Professor of Finance, was elected to the board of directors of the National Bureau of Economic Research (NBER), the nation's leading nonprofit economic research organization dedicated to promoting a greater understanding of how the economy works. The NBER's board of directors includes representatives from the leading US research universities and major national economics organizations. The NBER's past researchers include 16 of the 31 American Nobel Prize winners in economics and six of the past chairmen of the President's Council of Economic Advisers. Gruber will serve as the American Finance Association's representative on the NBER.

Richard Sylla, Henry Kaufman Professor of the History of Financial Institutions and Markets, became president of the Business History Conference, at its annual meeting in Minneapolis in May 2005. Sylla will give his presidential address to the association of US and international business historians at its meeting in Toronto, Canada, in June 2006.

Professor of Economics **William Greene** is co-investigator (as an expert in econometrics) of a major research project at the NYU College of Nursing. The project, led by Christine Kovner of the College of Nursing, will study newly-licensed nurses in order to track changes in their careers, and was recently awarded a $1.96 million grant from the Robert Wood Johnson Foundation.

John Asker, assistant professor of economics, was among the eight scholars who received the 2005 Young Economists' Essay Awards from the European Association for Research in Industrial Economics. Asker received the award for his paper, "Diagnosing Foreclosure Due to Exclusive Dealing," at the association's annual conference in Oporto, Portugal. **Luís Cabral**, chair of Stern's economics department, delivered the closing plenary session at the conference.

At the annual meeting of the European Economic Association, held in Amsterdam, **Mariagiovanna Baccara**, assistant professor of economics, received one of the four Young Economist Awards given by the EEA. The award cited her joint paper with Heski Bar-Isaac, "Power and Organizational Structure under an External Threat."

Anindya Ghose, assistant professor of information systems, received the second-place prize in the 2005 ACM SIGMIS Doctoral Dissertation Award for the best dissertation in the field of information systems at the International Conference on Information Systems. Ghose's dissertation, "The Strategic Impact of Electronic Secondary Markets on Firm Performance, Market Structure and Social Welfare," examined the impact of Internet-based used-good markets on book publishers, retailers, and consumers.

In October 2005, **Baruch Lev**, Philip Bardes Professor of Taxation and director of the Vincent C. Ross Institute of Accounting Research, gave a presentation entitled, "The Art and Science of Valuing Intangibles and Managing Reputation," at the International Sustainability Leadership Symposium in Zurich. Held once every two years, this prestigious conference was attended by approximately 250 corporate executives, policymakers, non-governmental organizations, and consultants.

ILLUSTRATION BY GORDON STUDER

THE BURDEN OF CELEBRITY

When CEOs win coveted awards, it's not necessarily good news for shareholders – or for the CEOs themselves.

By **James B. Wade**, **Joseph F. Porac**, **Timothy G. Pollock**, and **Scott D. Graffin**

It is often difficult to determine whether a firm's performance is driven by the excellence of its top management team or by general economic and organizational conditions. After all, today's good fortune could result from a favorable industry environment or from the foresight of past managers who have since left. Conversely, uncontrollable economic downturns or deteriorated conditions inherited from predecessors may lead to disappointing performances. And how should such dynamics affect executive compensation? After all, in today's environment, investors, analysts, and regulators like the Securities and Exchange Commission are all focusing on the size, content, and disclosure of executive compensation.

Organizational research suggests that social devices are often invented by third parties to assess the abilities of actors by creating a competency ordering. The media play an important role in constructing such orderings through certification con-

tests, like *Fortune*'s Most Admired list, *US News and World Report*'s business school rankings, *Institutional Investor*'s all-star analyst teams, or *Financial World*'s CEO of the Year award.

But does it matter? Do the stocks of companies with all-star CEOs perform better than those of other companies? Or does CEO star status bring with it negative consequences for firms, such as managerial overconfidence and hubris? Do CEOs who top the lists receive greater compensation than their colleagues who don't make the final cut? Or, as former NYU Stern Professor Charles Fombrun has suggested, can being named a star create the "burden of celebrity," under which high expectations about future performance can lead to disappointment?

"Do stocks of companies with all-star CEOs perform better than those of other companies? Or does CEO star status bring with it negative consequences for firms, such as managerial overconfidence and hubris?"

Testing Hypotheses

We set out to examine these questions by constructing several hypotheses and testing them against a data set.

There's good reason to believe that employing a star CEO could be valuable to a firm. As Fombrun has noted, having a highly recognized CEO at the helm may reassure stakeholders that the firm's future prospects are bright and, in turn, enhance the ability to attract higher quality employees, increase leverage over suppliers, and gain better access to needed capital. Certification awarded by experts would seem to confer a positive institutional reputation and lead to increased prestige power for the anointed star. That influence in turn may allow CEOs to leverage their knowledge and skills more effectively and produce positive firm outcomes. So our first hypothesis (***Hypothesis 1***) holds that: *CEO certifications will be positively associated with a firm's future performance.*

On the other hand, CEO certification could theoretically be detrimental to future firm performance by inducing overconfidence and hubris in CEOs anointed as stars. CEOs who have been successful in the past may overestimate the expected returns from their corporate investment decisions, and may engage in expensive corporate acquisitions. Evidence suggests that overly confident CEOs are more likely to invest in "pet projects" funded by internal cash flows. This leads to an alternative hypothesis (***Hypothesis 1a***): *CEO certifications will be negatively associated with a firm's future performance.*

A second set of hypotheses deals with compensation. According to executive compensation expert Graef Crystal, many corporate boards believe that high pay for star CEOs is a wise investment in managerial talent. Stakeholders may heavily weigh the outcomes of certification contests when evaluating a CEO's talent because they are likely to be perceived as one of the few relatively neutral sources of information. Certified CEOs may thus be able to leverage their high-status in negotiating future compensation contracts with the board, or board members may simply feel justified in paying star CEOs more. We therefore hypothesize (***Hypothesis 2***): *CEO certifications will be positively associated with CEO compensation.*

If subsequent firm performance is high after a CEO has been publicly recognized as competent, these earlier attributions will be reinforced, and the certified CEO may obtain a compensation premium. But if things go poorly, such CEOs may actually be held more responsible and receive lower compensation than non-certified CEOs whose firms achieve similar levels of performance. Being recognized as a star CEO may thus be a double-edged sword. That leads to our final hypothesis (***Hypothesis 3***): *Certifications in the past will be positively associated with a CEO's compensation when the firm's subsequent performance is high and negatively associated with his or her compensation when the firm's subsequent performance is poor.*

CEO of the Year

We set out to test these hypotheses by examining performance and compensation figures from companies in the S&P 500 and companies whose leaders were named in *Financial World*'s CEO of the Year competitions. Each year, from 1975 to 1996, the magazine surveyed over 1,000 peer CEOs and business analysts, who rated between two and three thousand CEOs on criteria such as company performance, the ability to increase competitive position, leadership team and employee morale, and contributions to the industry, community, and nation at large. In each industry, analysts and CEOs selected three bronze medal award winners. The bronze medalists in each industry were then grouped within 12 general business categories. Research directors at Wall Street's largest investment houses selected silver medal award winners for each

category. Finally, the editors of *Financial World* chose the single gold medal award winner from among the silver medalists.

Our sample included 278 companies that were members of the S&P 500 at the end of 1992, ranging in size from $154 million to $351 billion in total assets. (We began our sample in 1992 because that was when the SEC significantly increased its reporting requirements to require firms to report all elements of a CEO's compensation.) We gathered panel data for the five years starting in 1992 and ending in 1996. The list of medal winning CEOs in our sample contains many of the most well-known and respected CEOs in the US, including Jack Welch of General Electric and Lawrence Bossidy of Honeywell.

First, we assessed the immediate reaction of firm certification on performance. If investors believe that winning a medal conveys new information about the quality of the CEO and his/her ability to positively influence the future cash flows of the firm, one would expect a positive stock market reaction in the days following the announcement. Using either a financial market model or a market index, we calculated expected returns for each firm, and then subtracted the expected returns from actual returns. These differences are known as excess (unexpected) returns and reflect the extent to which the event provided new information about the value of the firm. We examined the impact of winning a medal on a firm's excess returns in the days immediately following the announcement of the medal. As **Table 1A** shows, the excess returns in the three days prior to the announcement of the awards (days -3 to -1) were not significant. But after the announcement, the stock market reacted positively. The cumulative excess returns calculated using both the market model and market adjusted returns are positive and significant for the intervals from zero to two days and zero to three days. The daily excess returns before and after the event, (**Table 1B**) were positive and significant one day after the event using both the market model and market adjusted returns. Overall, our results suggest these awards are viewed favorably by the market, as Hypothesis 1 suggests.

To investigate the longer term effects of certification, we ran additional event studies over longer windows (**Table 2**). Using the market model, we found in the 30-day window that the cumulative excess return becomes negative and marginally significant. By 240 days, the return increases to -8.23 percent and is highly significant. Combined, these results suggest that while the

TABLE 1A
Excess Market Returns Surrounding the Announcement of Medals

		Market Model		Market Adjusted Model	
Days	N	Abnormal Return	T	Abnormal Return	t
-3 to -1	186	-0.17%	-0.839	-0.04%	-0.178
0 to +1	186	0.28%	1.66*	0.38%	2.28**
0 to +2	186	0.47%	2.30**	0.64%	3.08***
0 to +3	186	0.49%	2.06**	0.69%	2.90***

TABLE 1B
Daily Abnormal Market Returns Surrounding the Announcement of Medals

		Market Model		Market Adjusted Model	
Days	N	Abnormal Return	T	Abnormal Return	t
-3	186	-0.04%	-0.38	-0.01%	-0.09
-2	186	-0.01%	-0.07	0.05%	0.44
-1	186	-0.12%	-1.01	-0.08%	-0.66
0	186	0.03%	0.28	0.13%	1.07
1	186	0.25%	2.06**	0.26%	2.16**
2	186	0.20%	1.65*	0.25%	2.12**
3	186	0.02%	0.13	-0.06%	0.46

TABLE 2
Long Term Excess Market Returns Surrounding the Announcement of Medals

		Market Model		Market Adjusted Model	
Days	N	Abnormal Return	T	Abnormal Return	t
3 to 30	186	-1.13%	-1.79*	0.14%	.223
3 to 90	186	-3.36%	-3.01***	0.70%	.625
3 to 180	186	-7.07%	-4.45***	0.88%	.553
3 to 240	186	-8.23%	-4.48***	2.38%	1.29

*= p<.10, **=p<.05, ***=p<.01

immediate effect of winning a medal is positive, over time this trend reverses and becomes negative, as Hypothesis 2 suggests.

Compensation

Next, we looked into the relationship between CEO star status and compensation. We gathered data on compensation from the EXECOMP database. A CEO's total direct compensation included salary, bonus, the value of restricted stock grants, options granted during the year, long-term incentive payouts that year, and all other types of cash compensation paid in that year. When we ran the tests, we found that winning a medal in the current year increases a CEO's pay by approximately 10 percent and each medal awarded in the previous five years adds almost 5 percent to his/her total pay. We also tested Hypothesis 3 by interacting medals won in the past with firm performance as measured by return on common equity, a measure commonly used as a basis for awarding incentive pay. The interaction was highly significant and in the expected positive direction. Winning medals had a positive effect on a CEO's pay when accounting performance was above zero but a negative effect when it was less than zero.

Clearly, being certified had a positive effect on the recipient's compensation, over and above any performance differences that might exist between winners and non-winners. If a CEO's compensation partially reflects the extent to which a company's directors value a CEO's abilities and contributions, this result suggests that certification does indeed heighten the tendency of boards to attribute special competencies to the CEO. It appears from our data that this attribution then leads the board to set up an evaluative "gauntlet" for the CEO in subsequent years, since certification has a positive impact on compensation as long as return on equity remains positive. If a company achieves a negative return on equity, star CEOs receive lower total compensation than non-medal winning CEOs for an equivalent level of performance.

"Investors initially bid up the price of company stock after learning about a CEO medal. However, shortly afterward they reverse course and bid down the price."

This general pattern of results suggests a more nuanced representation of the effects of CEO certification on firm and individual outcomes than is suggested by our original hypotheses and the prior research literature. Our results indicate that profitability is insensitive to CEO certification, at least over the one-year time window that we used in our analyses. If CEO certification has no short-term effect on the profitability of a company, then winning a medal can only be, at best, a noisy signal regarding the relationship between managerial ability and longer term profitability. And yet our results indicate that investors respond immediately, and over the course of the year, to this signal in predictable ways. Investors initially bid up the price of company stock after learning about a CEO medal. However, shortly afterward, they reverse course and bid the price down. Company boards seem to respond quickly to CEO certification as well, as our results on compensation show.

One possible explanation for this more nuanced pattern of data is that certification does indeed create a burden of celebrity. Simply maintaining a certain level of performance may not be sufficient for shareholders of firms with celebrity CEOs. Firms that employ star CEOs seem to have a higher expectational hurdle to meet in order to be valued positively by the market. While boards of directors seem to be more lenient in their expectations, they do respond more negatively to lower profitability when a star CEO is involved.

Overall, our results provide cautionary information for corporate pay policies. Given that CEO certifications do not appear to have a short-term beneficial effect on future profitability, the argument that boards of directors should pay exorbitant levels of compensation to attract and retain star CEOs whose firms have performed well in the past may be somewhat misplaced. However, boards of directors might be able to mitigate these costs by making pay more dependent on future performance. Ironically, the overconfidence that past success creates may provide a mechanism through which boards can clamp down on future compensation if a star CEO fails to deliver. ■

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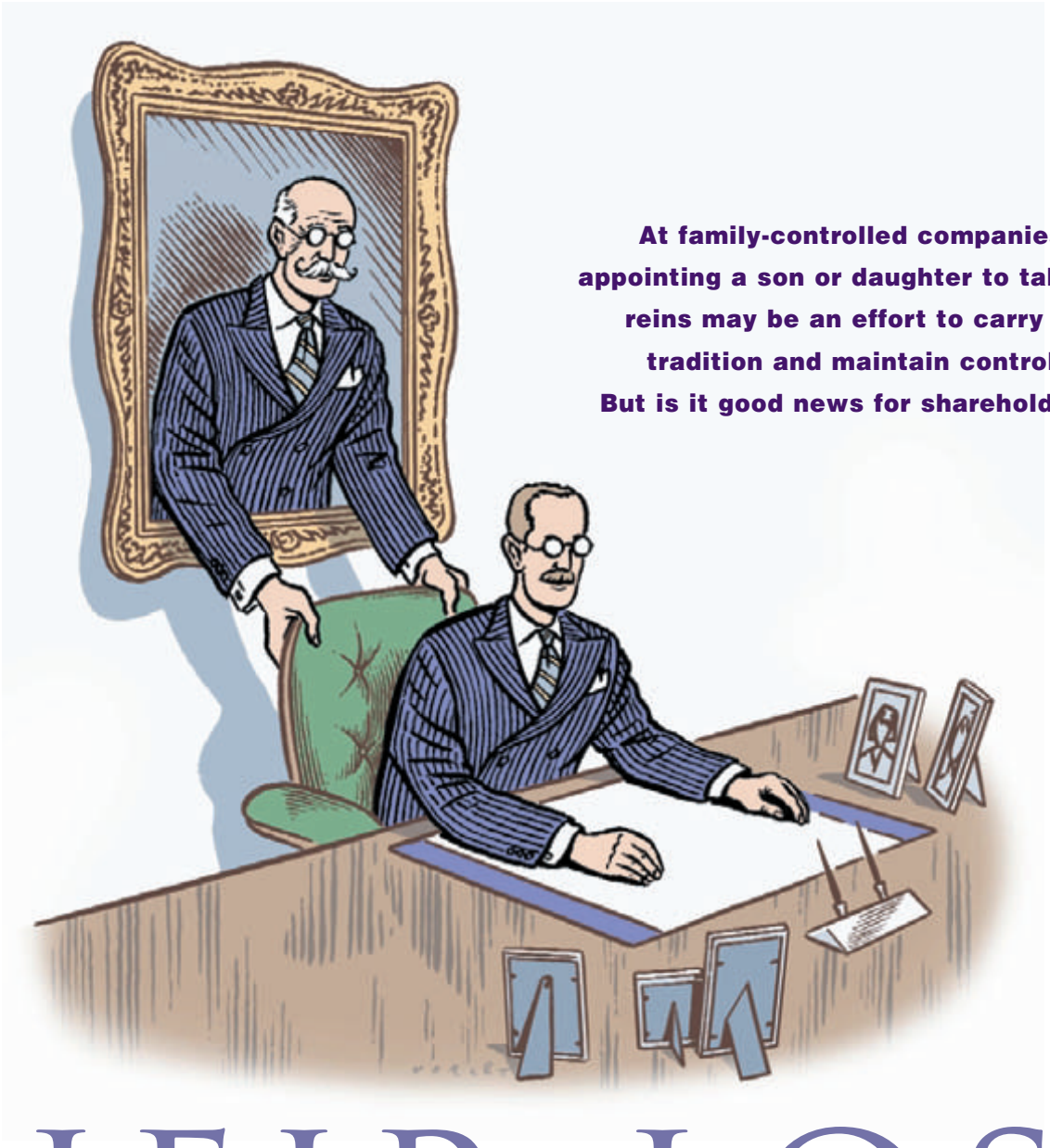
This research will be appearing in an upcoming issue of the *Academy of Management Journal.*



At family-controlled companies, appointing a son or daughter to take the reins may be an effort to carry on tradition and maintain control. But is it good news for shareholders?

ILLUSTRATION BY CHRISTOPHE VORLET

HEIR LOSS

By **Morten Bennedsen**, **Kasper Nielsen**, **Francisco Perez-Gonzalez**, and **Daniel Wolfenzon**

In the age of 21st-century global capitalism, family firms are surprisingly persistent. Thirty-five percent of companies in the Standard and Poor's 500 are controlled by founders or their descendants. Outside the United States, research has shown that families control over 53 percent of publicly traded firms with at least $500 million in market capitalization.

One of the most contentious issues surrounding family firms relates to chief executive officer succession decisions. CEO transitions are likely to play a key role in determining firms' prospects, and they are arguably influenced by the preferences of controlling families, which often struggle between hiring a family or unrelated CEO.

We set out to examine the role of the controlling family in CEO succession decisions and the consequences of family successions on firm performance. Relying on sever-

al government and private sector databases, we constructed a dataset of financial, personal, and family information on 5,334 successions between 1994 and 2002 in publicly and privately held, limited liability firms in Denmark.

We found that departing CEOs' family characteristics are strongly correlated with the decision to appoint a family or an unrelated CEO. Family size, the proportion of sons, and even the departing CEO's marital history had a significant impact on the identity of the successor.

The performance results aren't altogether encouraging for investors in family companies, or for the families themselves. We found that family successions had a large, negative impact on firm performance. For example, operating return on assets (OROA) fell by 1.4 points for firms that underwent family transitions relative to firms in which an unrelated CEO took over the helm. This decline corresponds to more than 20 percent of the average OROA, which in our sample was 6.5 percentage points. Moreover, as we will explain, this figure is likely to underestimate the true negative effect of family transitions.

The Role of the Family Behind the Firm

Overall, family successions occurred in about one-third of our sample (see **Table 1**). Contrary to anecdotal accounts, not all family successors were children of the outgoing CEO. In almost half the family transitions, a spouse, a sibling, or even a parent was nominated to the top post.

The marital history of CEOs affected the choice between a family and unrelated CEO. For CEOs with one spouse, the frequency of family transitions was 36 percent, while for CEOs who had had more than one spouse, the frequency was lower at 25.2 percent (see Panel A). These results suggest that family conflicts might be an important factor in succession decisions.

We also found that the frequency of family successions increased with the number of children (see Panel B). It rose from 29.1 percent for departing executives with one child to 41.3 percent for those with three children.

The structure of the family also affected who in the family got promoted to the CEO position. We observed that the frequency with which departing CEOs nominated one of their children to the top post increased from zero (by construction) when they had no children to 11.9 percent when they had one child. At the same time, the frequency with which departing CEOs nominated non-child relatives to the CEO position decreased by 7.5 percent, suggesting that children crowd out other family members.

The gender of children was also a factor. Firms in which more than 50 percent of the outgoing CEO's children were male were 10.8 percentage points more likely to have a family successor than firms in which less than 50 percent of the outgoing CEOs children were male (see Panel C). Outgoing executives whose first-born child was male were 9.6 percentage points more likely to leave the firm to a family member than

TABLE 1: Frequency of Successions by Family Characteristics

DESCRIPTION	TYPE OF SUCCESSION			
	FAMILY			UNRELATED
	All (percent)	Children (percent)	Others (percent)	(percent)
All	33.3	16.2	17.1	66.7
A. Number of spouses:				
1	36.0	8.7	17.3	64.0
2 or more	25.2	9.1	16.2	74.8
B. Number of children:				
0	24.8	0.0	24.8	75.2
1	29.1	11.9	17.2	70.9
2	32.1	16.2	15.9	67.9
3	41.3	25.7	15.6	58.7
4 or more	40.5	24.4	16.1	59.5
C. By gender ratio (male/children):				
< 50 percent	28.9	10.7	18.3	71.1
> 50 percent	39.7	24.7	15.0	60.3
D. By gender of first born child:				
Female	29.4	12.7	16.7	70.6
Male	39.0	23.5	15.5	61.0

those whose first-born child was female (see Panel D).

These correlations confirm anecdotal evidence that sons are preferred to daughters at the time of succession, even in a developed country such as Denmark. The magnitude of these correlations are surprising given that Denmark ranks fourth among 58 countries in gender equality, according to data from the World Economic Forum, and has one of the highest female labor force participation rates in the world. Nevertheless, these numbers are consistent with the low levels of women among top management positions in Denmark, which in 2004 was only 25 percent, compared with 61 percent at middle level management positions.

In summary, we found that the structure of the controlling family influenced the choice between a family member and an unrelated CEO, and that it also affected who inside the family was offered the CEO position.

Performance Gap

We next studied the performance implications of family transitions. It is unclear from a theoretical perspective what impact family CEOs should have on firm performance. Family members could perform better than other CEOs because they derive greater personal satisfaction from the success of the organization and face higher levels of shame or guilt in case of failure. Also, the trust and loyalty established with key stakeholders might be more easily transferred to family executives. And by virtue of having grown up close to the day-to-day business of the organization, they might be more knowledgeable than outsiders about the firm. On the other hand, outsiders are a self-selected group of individuals with significant managerial expertise. Also, family CEOs might be affected by the potential conflicts between family and business norms with regard to the allocation of management positions, pay, or other corporate resources.

A simple way to evaluate the impact of family CEO succession on performance is to compute the change in firm profitability around CEO successions. A problem with this approach is that it can potentially fail to control for aggregate changes in performance due to, in some cases, industry or aggregate trends, or mean reversion in performance measures. For example, the finding that performance worsens after family transitions would not be informative about the competence of the incoming CEOs if all firms in the economy were experiencing the same decline. A common solution to this problem is to use a difference-in-differences (DD) analysis by comparing the changes in performance of firms that name a family member to the CEO position to those of other firms that experience a succession by unrelated CEOs.

When we used the DD approach, we found that firms that promoted family members experienced a decline in industry-adjusted OROA of 0.1 percentage point (see **Table 2**). In contrast, firms that chose unrelated managers for the top position saw improvements in industry-adjusted OROA of 1.3 percentage points. This suggests that family successions are associated with 1.4 percentage points lower performance relative to unrelated successions. This decline is equivalent to approximately 20 percent of the average unadjusted OROA. We repeated the analysis using three other measures of performance and, in all cases, found that firms that underwent family transitions trailed others in performance.

Do these results prove that fami-

TABLE 2 Difference-in-Differences (DD) Analysis Using Alternative Performance Measures

	Type of Transition		
Differences in	**Family**	**Unrelated**	**Mean Difference-in-Differences**
Industry-adjusted operating return on assets	-0.0010 *(0.0028)*	-0.0080*** *(0.0023)*	**-0.0141***** ***(0.0014)***
Operating return on assets	-0.0120 *** *(0.0028)*	0.0035 *(0.0023)*	**-0.0154***** ***(0.0036)***
Industry- and performance-adjusted operating return on assets	-0.0009 *(0.0027)*	0.0107*** *(0.0021)*	**-0.0098***** ***(0.0034)***
Industry-adjusted net income to assets	-0.0056* *(0.0027)*	0.0064*** *(0.0022)*	**-0.0120***** ***(0.0036)***

Standard errors are presented in parenthesis
*** and * denote significance at the 1 and 10 percent level, respectively

ly member CEOs are worse than professional managers? Not necessarily. The decision to appoint a family CEO is unlikely to be made irrespective of a firm's business prospects. For example, it is possible that non-family CEOs are appointed when an improvement in performance is in sight. If this were the case, we would not be able to conclude from our DD results that outside CEOs are more competent, since they were chosen in firms that were expected to do well. Conversely, it could be that family members are appointed to the top position in firms with superior business prospects. In this case, the effect of family member CEOs on performance would be even more damaging than our DD analysis suggests, since family members generated the inferior performance while managing the best firms.

To isolate our results from such effects, we used an econometric technique known as instrumental variable estimation. This technique involves estimating the effect of family transitions using only firms whose succession decisions were driven by some variable that does not affect firm performance. By focusing on these firms, we eliminated the aforementioned concerns that other firm characteristics, such as business prospects, are responsible for both the decision to name a family member and for performance after the transition.

Finding such a variable is usually difficult because many of the factors that affect the choice of CEOs (leadership skills, experience, etc.) presumably also affect performance. However, in our setting, we were able to find such a variable: the gender of the first child of the departing CEO. Earlier, we established the strong impact of the gender of the first child on the probability of family succession. In addition, it is difficult to imagine that the gender of the first child born to the CEO directly affects firm performance.

"The results demonstrate that family successions cause significant declines in firm performance. … [But] qualified CEOs provide extremely valuable services to the organizations they work for."

Using this technique, we found that family transitions were more damaging to performance than our DD estimates suggest: family transitions caused a decline in OROA of at least 4 percentage points.

We then investigated whether the relative performance of family member CEOs varied with observed industry characteristics. A natural place to start this analysis is investigating if the gap in performance for family member CEOs differs in industries where such CEOs are relatively more common, and presumably better suited for their positions. We found that they were indeed less detrimental to firm performance in those industries where they were more commonly found. Next, we hypothesized that managerial skills are more valuable in certain economic environments, such as rapidly growing industries, where managerial discretion might be relatively more important. When we analyzed the results, we found that indeed family member CEOs tended to be costlier in these environments.

The results demonstrate that family successions cause significant declines in firm performance. They also imply that qualified CEOs provide extremely valuable services to the organizations they work for. In addition, the findings suggest that primogeniture rules that dictate who gains access to the helm of a firm based on birth order or gender, but not competence, can have disastrous consequences for firm performance.

For controlling families, the lower performance caused by family member CEOs might be offset by the pride and satisfaction of keeping the firm in the family. However, this is unlikely to be the case for minority shareholders, who are likely to suffer the most under family member CEOs. The lower performance of family member CEOs also indicates that other stakeholders interacting with family firms should pay close attention to succession decisions as the competence gap between family and unrelated CEOs might be substantial. ■

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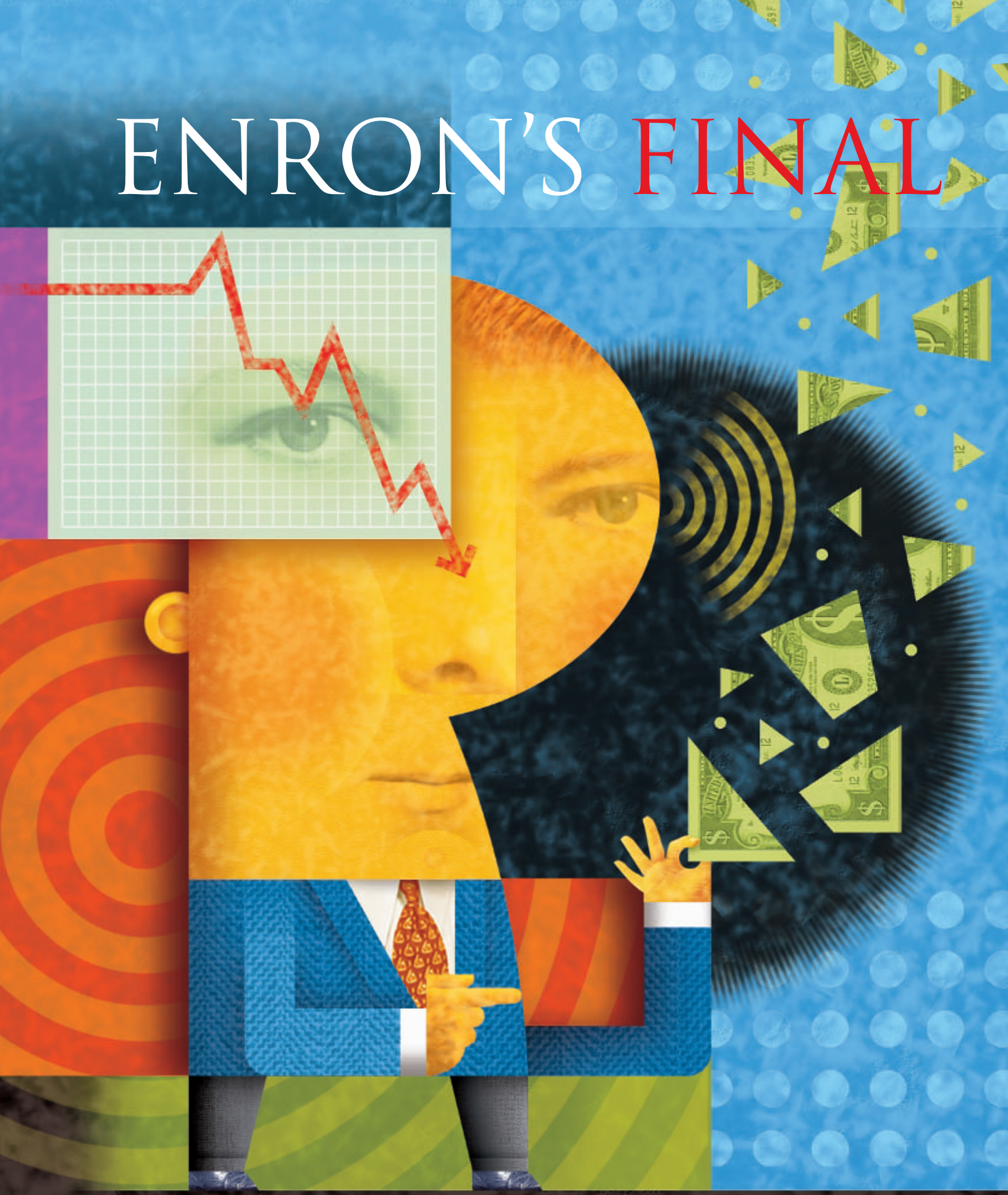
ENRON'S FINAL



ACCOUNTING

By **Simi Kedia** and **Thomas Philippon**

Large-scale earnings fraud doesn't just leave investors poorer – it leads to slower employment growth across the whole economy.

Fraudulent accounting by management is obviously costly for shareholders. When earnings are restated, stocks typically fall sharply. Take the dramatic case of Enron. On November 8, 2001, the formerly high-flying energy company announced it would restate earnings for the period 1997 through 2001 and record a $1.2 billion reduction to shareholders equity. In the weeks between October 16, 2001, and November 28, 2001, Enron's stock plummeted from more than $30 to less than $1 a share. The period of misreporting was characterized by substantial stock sales by Enron insiders, who profited at the expense of other shareholders.

During this same period, Enron grew faster than any other firm in its industry. The book value of Enron's assets nearly tripled, from $23.5 billion in 1997 to $65.5 billion in 2000. At its peak, Enron employed more than 20,000 employees worldwide. But after its restatement, Enron shrank rapidly. Today, about 500 employees remain, and Enron's creditors expect to receive about one-fifth of the estimated $63 billion they are owed.

Enron is a typical – if somewhat extreme – example of fraudulent accounting in periods of high financial valuations. Much of the research on earnings management has focused on how and why it happens. But academics have been hesitant to explore the way earnings management affects the allocation of resources. For example, it stands to reason that fraudulent accounting would distort labor markets. The general assumption is that in the case of earnings manipulation, inefficiencies arise automatically when the hiring and investment decisions are endogenous – and observable – because the need to mimic the good types distorts all the observable actions of the bad types. Bad managers who want to hide their poor quality must not only manage their earnings, but also hire and invest like good managers. So firms managing earnings hire and invest like successful firms. As a result, fraudulent firms end up larger than might be predicted given the fundamentals of their business. Hence, one would expect to see these firms shrink and shed jobs after they are exposed.

Restatement Trends

We tested this hypothesis by constructing an econometric model and applying it to a set of data on firms that restated their earnings. The General Accounting Office (GAO) in 2002 identified 919 financial restatements by 845 public companies from January 1, 1997, to June 30, 2002, that involved accounting irregularities resulting in material misstatements of financial results. Such restatements occur when a company, either voluntarily or prompted by its auditors or regulators, revises previously reported public financial information. Of the companies, 645 were publicly traded. The number of identified restatements rose from 92 in 1997 to 225 in 2001. "The proportion of listed companies on NYSE, Amex, and NASDAQ identified as restating their financial reports tripled from 0.89 percent in 1997 to 2.5 percent in 2001," the GAO concluded. "From January 1997 through June 2002, about 10 percent of all listed companies announced at least one restatement." Moreover, later restatements involved larger firms: The average market capitalization of restating companies quadrupled between 1997 and 2002, from $500 million to $4 billion, while the average size of listed companies increased only about 60 percent over the same period.

The GAO also reported the reasons for the restatements. Errors in revenue recognitions accounted for roughly 40 percent of the cases while those due to improper cost accounting explained 16 percent. Issues with loans, such as write-offs, reserves, and bad loans, accounted for 14 percent of the cases. Issues with assets and inventories, such as goodwill, write downs, and valuation, account for another 9 percent of restatements. The remaining 20 percent of cases are linked to research and development, mergers and acquisitions, securities, reclassifications of debt payments, and related-party

ILLUSTRATION BY GORDON STUDER

transactions. It is useful to keep in mind that only 16 percent of the restatements can be formally attributed to actions by external parties, such as the SEC or independent auditors. Further, many firms did not mention in their reports the real reason for their restatements unless they were somehow forced to do so.

Out of the 645 publicly traded companies, 560 firms were covered by COMPUSTAT. For 539 of those firms, we were able to obtain the beginning and end dates of the restated period, in addition to the date on which the restatement was announced. We also collected data on the size of the restatement – the average annual impact of the restatement on net income – for 396 firms. The average ratio of restated earnings over lagged sales was -6 percent, and 80 percent of the restatements involved negative revisions to reported net income.

Next, we examined the growth rate in the number of employees, in the rate of property plant and equipment (PP&E), and the ratio of capital expenditures to property plant and equipment for restating and non-restating COMPUSTAT firms over the period 1991 to 2003. According to these three measures, restating firms grew slightly faster than non-restating firms over the whole sample, but the differences were very small relative to the standard deviations of these variables. Unconditional dynamics of restating and non-restating firms, such as market values and sales and total factor productivity (TFP) growth were also quite similar for restating and non-restating firms.

To compare the dynamics of hiring and investment for restating firms around the restated period, we created a control group of non-restating firms that are matched in age, industry, and initial size. And for every restating firm, we selected non-restating firms that operate in the same industry, and that are in the same initial book asset quintile. Next, we plotted the mean adjusted growth rates for four key variables: total market value, number of employees, PP&E, and TFP. We found that the market value of restating firms grew at a faster rate (5.2 percent higher) than that of the control group before the restated period, at the same rate during the restated period, and more slowly (4 percent lower) afterwards.

"The growth of employment in fraudulent firms was 3.7 percent higher during the fraudulent period. ...The growth of employment was significantly lower after the restatement."

A similar picture emerged with respect to growth in PP&E and the number of employees. The growth of employment in fraudulent firms was 3.7 percent higher during the fraudulent period. And as predicted by the model, the growth of employment was significantly lower after the restatement. A similar dynamic is seen with investment activity. The growth rate of investment – i.e. PP&E – was about 5 percent higher during the restated period and 6 percent lower after the restated period. It appears that restating firms were growing rapidly in the years prior to the restated period, and that these firms most likely misreported in order to continue portraying themselves as high-growth firms.

Interestingly, the growth rates of TFP and labor productivity were not significantly different across firms and over time. As the period after the restatement is not associated with lower productivity, it is unlikely that restatements were the result of negative TFP shocks. Moreover, as the sales in the restated period were inflated by fraudulent accounting for a large fraction of firms, the true productivity probably increased after the restatement.

Next we turned to the sub-sample of firms for which we were able to collect information on the size of the restatement. When we ran the numbers, we found that larger restatements were associated with larger drops in employment and investment.

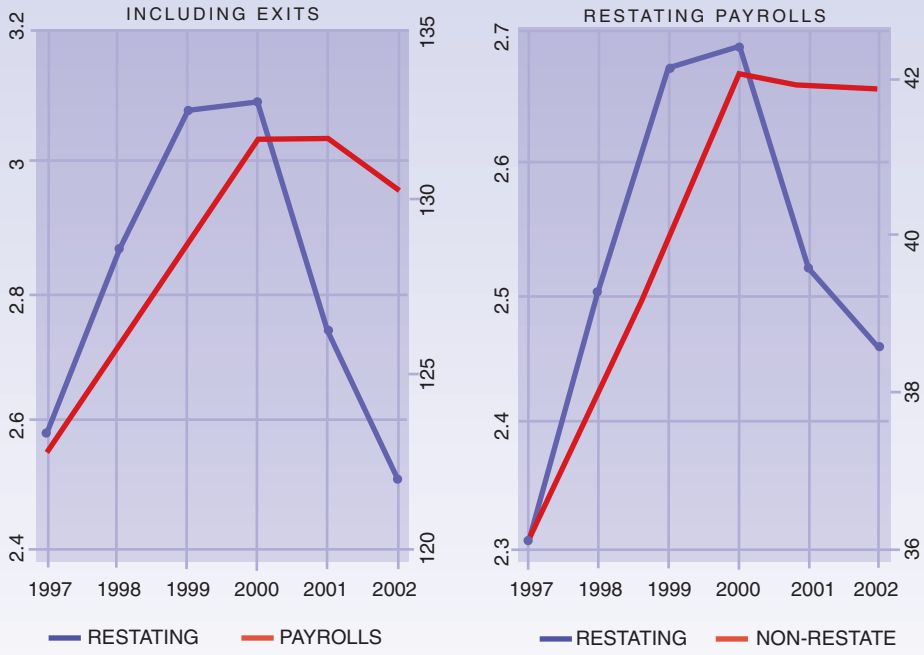
Aggregate Growth

What were the aggregate effects of earnings manipulation? A clear picture of the raw data can be obtained by looking at the dynamics of the 111 firms that announced a restatement in 2000, and the 120 firms that did so in 2001. The number of people employed in these 231 restating firms over the period 1997 to 2002 is displayed in **Figure 1**. The left panel compares the 231 restating firms to aggregate non-farm payrolls obtained from the Bureau of Labor Statistics (BLS). Employment in restating firms rose by 500,000 (25 percent) between 1997 and 1999, and fell by 600,000 (24 percent) between 2000 and 2002. Over the same periods, total non-farm payrolls went up by 6.7 percent and then down by 1.5 percent. The relative increases and decreases in employment for restating firms are clearly much larger than for the economy as a whole.

A potential concern in this analysis is that some firms drop out of the sample after the announcement of the restatement, due to delisting or bankruptcy. In the left panel, we implicitly assigned zero employees to firms that drop out. For instance, complete data for Enron is available only until 2000. To the extent that

Figure 1: Employment Dynamics of Firms Announcing Restatements in 2000 or 2001

NUMBER OF EMPLOYEES, IN MILLIONS



some firms drop out of the sample, but, unlike Enron, continue operating, the left panel may overestimate the true dynamics. So we constructed a constant sample of firms for which we have complete data over this period. This constant sample comprises 74 firms that restated in 2000, and 96 firms that restated in 2001. The right panel of **Figure 1** compares the employment in these restating firms to a constant sample of non-restating firms in COMPUSTAT. As seen, restating firms grew more rapidly than non-restating firms from 1997 to 1999, and declined much faster afterwards.

Clearly, the truth lies somewhere in between the left panel and the right panel. If most restating firms are like Enron, then the left panel is the better approximation. If most restating firms continue operating with a reduced, but still significant, number of employees, then the right panel is more appropriate.

Larger Impact

The dynamics of restating firms, which make them grow faster than comparable firms in the restated period and slower afterwards, are also likely to impact other non-restating firms in their industry. Some non-restating firms surely engaged in earnings management, but probably to a lesser extent than firms that eventually had to restate. Moreover, investors may draw negative inferences about all firms that belong to an industry where many accounting frauds have been revealed, even if most of the firms were actually honest. This suggests that the announcement of a restatement could have negative implications for other non-restating firms in the industry.

We investigated the impact of restatements on non-restating firms by creating a panel of industries using only the non-restating firms. We found that non-restating firms grew more slowly when they belonged to an industry that had a lot of announced restatements in the preceding years. Interestingly, sales per employee and TFP grew significantly faster following a wave of restatements. In other words, fraudulent industries were characterized by high labor productivity growth together with negative employment and investment growth, even for firms that did not have to restate their earnings.

Earnings manipulation isn't just bad news for the shareholders of the companies directly involved. It can impact aggregate dynamics through two opposing channels. On the one hand, the inefficient allocation of resources among firms, created by earnings management, tends to reduce aggregate activity. On the other hand, greater hiring and investment by misreporting firms tend to increase aggregate activity and then lead to depressed activity after the wrongdoing is revealed. In other words, imperfect governance amplifies business cycle dynamics.

The period after the brief 2001 recession was characterized by frustratingly low job growth, as payrolls did not bounce back as they typically do when the economy starts to expand. Many economists and analysts were mystified by the strange dynamics in the labor market in the post-bubble era. Our study, however, suggests that it's not unnatural for periods with high levels of earnings restatements to be followed by periods of jobless growth and low investment. ■

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PEER TO PEER

Student Life in Washington Square and Beyond

Committee of 200 and BNP Paribas Award Scholarship to NYU Stern MBA Student

In December, the Committee of 200 (C200), the organization of leading women business owners and corporate decision-makers, and French bank BNP Paribas presented a $25,000 Scholar Award to Stern MBA student Nagina Sethi.

The C200/BNP Paribas Scholar Award is given to a first-year, woman MBA student whose pre-business school track record and first-year transcript indicate that she will be an outstanding business leader.

The award was presented by C200 member Kathryn Swintek (MBA '79), head of US Leveraged Finance Group, BNP Paribas, at The C200 Fall MBA Outreach Seminar for women MBA students hosted by student club Stern Women in Business (SWIB) at NYU Stern. The seminar, "Managing Your Career, Your Brand, Your Life in a Changing World," included Stern women MBA students and more than 40 C200 members who are leaders in a variety of industries, from banking and insurance to professional services, technology, and manufacturing.

The scholarship award includes a 10-week paid internship at a C200 member's company and weekly one-on-one mentoring sessions with the C200 member during the internship. In addition, C200 has committed to Stern women MBA students 30 other internship opportunities at C200 member companies, during which preeminent business women will mentor selected students.

"Nagina epitomizes the C200 leader of the future," said Mary G. "Trudi" Williams, area executive vice president of Arthur J. Gallagher & Co. and C200's co-chair for the MBA Outreach Seminar. "She hopes to parlay her Stern MBA degree into a career assisting low-income and underserved populations in the US and abroad. Her passion for helping others exemplifies a commitment to fostering both social and business goals."

From left to right: Ann S. Moore, chairman and CEO, Time, Inc.; Kelly Thomas, co-president, Stern Women in Business; Nagina Sethi, and Kathryn Swintek.

Nagina Sethi has an undergraduate degree in molecular and cell biology from the University of California at Berkeley. Before coming to NYU Stern, she worked as a consultant for Kaiser Permanente where she helped start a nonprofit women's birthing center for underserved families in Oakland.

At Stern, Sethi has become involved with SWIB, which enables her to share experiences, make connections, and mentor other women. She notes that she is "extremely interested in meeting women business leaders, since one way for me to succeed is by learning from other women who are already successful."

C200 holds MBA Outreach Seminars twice a year – fall and spring – at selected business schools, including Babson, Carlson School at The University of Minnesota, Carnegie Mellon, Columbia, Duke, Emory, Harvard, Kellogg, Santa Clara University, Thunderbird, University of Michigan, UNC-Chapel Hill, Vanderbilt, and Wharton. C200 has reached more than 11,000 women via the Outreach Seminars and has awarded more than $500,000 in scholarships in conjunction with the program.

MBAs Go Behind the Scenes at the Met Opera

In its ongoing efforts to provide students the opportunity to leverage New York City as a learning experience, NYU Stern offers a unique case study. For the fifth year last fall, students in the required MBA core course, Managing Organizations taught by Professor Richard Freedman, studied the organizational challenges faced by the Metropolitan Opera, the world's largest opera company. In September, they visited Lincoln Center for a backstage tour and an in-depth look at the inner workings of one of New York's leading cultural institutions.

At the Met Opera, the students visited the costume, electric, carpentry, and props departments, and learned how each unit contributes to the organization. Students were also given the rare opportunity to observe a dress rehearsal of the season's opening night gala, which included Act I from *Le Nozze di Figaro* and Act III from *Samson et Dalila*.

Following the tour and dress rehearsal, students attended an NYU Stern marketing panel moderated by Deputy Dean Russell Winer and featuring Stern Professors John Czepiel, Peter Golder, Eric Greenleaf, and Joel Steckel. The panel addressed the issue of declining opera attendance among young adults and requested student recommendations for increasing attendance. One student suggested bringing in musical artists that are popular among today's youth, and mentioned the recent example of Metallica playing with the San Francisco Symphony Orchestra.

After the panel, students participated in a question and answer session with the Met Opera's general manager, Joseph Volpe. Volpe, who began his 40-year career at the Met Opera as an apprentice in the carpentry department, shared his perspectives on arts management and responded to student suggestions about how to improve the organization. Under Volpe's direction, the Met Opera has experienced a period of unprecedented success, culminating in a record 29 operas produced in the 2005-2006 season.

"Only at Stern and only in New York could I have had the experience of seeing and listening to Plácido Domingo, a legend among opera singers, and having a discussion with the general manager of one of the best opera houses in the world," said Álvaro Cañil, a first-year MBA student and opera aficionado. The Met Opera visit confirmed the connection between business and the arts, and encouraged Cañil to announce that he was working on starting an opera club at Stern. "Getting such an in-depth view of the opera was a great experience, and hopefully it has planted the seed of opera in many other students," he said.

NYU Stern and Wharton Join Forces to Promote Benefits of Undergraduate Business Education

Each fall marks not only the start of the semester, but also the kick-off to the college tour season, during which eager parents and their teenagers check out campuses and curricula, determining which school will be the perfect fit.

During this past season, NYU Stern School of Business, in partnership with the Wharton School of the University of Pennsylvania, took advantage of this captive audience to educate them about what it means to study business at the undergraduate level and how doing so broadens career opportunities. Through their joint educational initiative, "Discover Business Now," these two leading undergraduate colleges stressed to high school juniors and seniors the value of an undergraduate business program and why it should be a consideration during the college search.

"What's exciting about studying business at the undergraduate level is that it offers the best of both worlds – a solid liberal arts grounding infused with a broad, global business focus that opens, not closes, career doors," said Sally Blount-Lyon, vice dean and dean, Undergraduate College, NYU Stern School of Business. "Now more than ever, business knows no borders. It impacts every aspect of modern life, from politics and international relations to trade, religion, and culture."

The Schools introduced their initiative through two events, one in New Jersey and one, for women exclusively, in Philadelphia. The more than 200 students and parents who attended had the opportunity to hear from and speak with the deans, alumni, and current students from Stern and Wharton. Visit www.discoverbusinessnow.org for a "virtual" undergraduate business experience.

NYU Stern's Undergraduate College is one of the most prestigious, popular, and competitive programs among college aspirants. Applications are up 11 percent for the coming academic year, and average SAT scores for the current freshmen class reached 1422, the highest in the program's history. In addition to offering a liberal arts-infused business curriculum, Stern's Undergraduate College uniquely leverages New York City as part of its educational experience.

Erik Kimel (far right) and his Peer2Peer Tutors team.

Student-to-Student Tutoring Means Business

In 2004, while in a calculus class during his senior year of high school, NYU Stern sophomore Erik Kimel (BS '08) took notice of both his bright classmates and his peers who could use their help. And he came upon the idea of creating a tutoring service by and for students. He placed an ad in his local Montgomery County, Maryland, newspaper, offering himself as a tutor. Within six months, Kimel had created a network of 25 tutors and formed his company Peer2Peer Tutors.

Peer2Peer is built on the premise that students learn best from other students who have taken the classes, know the teachers, and can relate to clients. This concept hit home with both parents and students, and by January 2006, the company had served more than 100 clients in elementary, junior, and high school, employed more than 80 student tutors, and provided more than 2,500 tutoring sessions in subjects ranging from algebra to Chinese. Revenues had grown an astounding 90 percent by the company's second year.

Managing the Maryland-based company from his dorm room in New York, 19-year-old Kimel travels to his home state once a month, and works full-time over his holiday breaks. This year he hired Management Operational Mentors (M.O.M.s) to control everyday operations, such as scheduling tutoring sessions and networking with local schools. The first M.O.M, Ann Connelly, joined the company after her two children were successfully tutored by Peer2Peer.

Eager to expand the company into New York City and beyond, Kimel decided to test his business plan by entering the Stern Berkley Center for Entrepreneurial Studies' Maximum Exposure Business Plan Competition, which annually awards significant funding to the team with an innovative and developing concept. The only Stern undergraduate student to have made it past the first round, Kimel placed third in the finals of the 2004-2005 competition.

Losing the competition inspired Kimel to fine tune his business strategy, which resulted in the introduction of M.O.M.s and a badly needed website. At the 2005 NYU Entrepreneurship Conference, he was introduced to Reflexions Data, an interactive design company, which helped him build a website that allows the company to attract new tutors, sell tutoring sessions, and track appointments.

Kimel said he sees Peer2Peer as "a company that empowers students," and one that is "a network and a part of the community."

"I love my work, and for as long as I can do it, I will," he said, adding that he is grateful to Stern Professor Kenneth Preston for mentoring him and that he credits his Stern education with helping him to grow his business properly.

If Peer2Peer continues to mature as Kimel has, he just may have the lasting business he envisions.

Alumni Affairs

Alumni News & Events

1. From left to right: Mark Kozhin (MBA '00), Alumni Council Chair; Thomas Cooley, Dean; William Berkley (BS '66); Chairman of the NYU Stern Board of Overseers.
2. The 2005 Alumni Ball Committee.
3. Sally Blount-Lyon, Vice Dean and Dean of the Undergraduate College (center right); Lawrence Banks (BS '55) (right); Susan Salgado (PhD '03), Alumni Council member (center left), and her husband, Jason.
4. Michael Rosenberg (MBA '55), President of the NYU Alumni Association.
5. Russell Winer, Deputy Dean (right), with Mike Hehir (MBA '79), Alumni Council member.
6. L to R: Mary Ellen Georgas (MBA '93), Alumni Council member; Robert Goodman (MBA '80), Alumni Counci member; Shelly Greenbaum (BS '71); Susan Greenbaum (BS '71, MBA '78), Associate Dean of the Undergraduate College.
7. James Flynn (MBA '89) and wife Myrna traveled in from Northampton, MA, and danced the night away.
8. The chocolate fondue fountain was a popular gathering spot that evening.
9. L to R: Jeanne Marano, Executive Director of Alumni Affairs, with former Alumni Council Chairs Susan Jurevics (MBA '96) and Christine Schneider (MBA '94).

Stern Alumni Have a Ball

On December 3, 2005, more than 750 members of the Stern global alumni network gathered at The Museum of Modern Art for the Fifth Annual Stern Alumni Ball. The gala, which has become a holiday tradition, brings together alumni, faculty, administrators, and friends to celebrate the Stern community and its New York City location.

Throughout the night, alumni enjoyed a private viewing of the Museum's permanent collection, including Paul Cézanne's *The Bather* and Vincent van Gogh's *The Starry Night*, as well as special exhibitions, including *Safe: Design Takes On Risk*, *Elizabeth Murray* and *Beyond the Visible: The Art of Odilon Redon.*

Mark your calendar for December 2, 2006, for the Sixth Annual Stern Alumni Ball, which will be held in New York City.

Building a Stern Career Network

Visit the Career Center in SWAP to sign up for the new Career Advisory Program (CAP). CAP is the online career mentoring program where alumni can volunteer to serve as mentors for fellow alumni and/or current students. Through one-on-one interaction, which can be via e-mail, phone, or in-person meetings, alumni share their knowledge and experiences, providing industry insight into organizational cultures from established professionals.

CAP offers alumni the ability to select preferences regarding their interest in mentoring, including how many mentees they are able to assist each month and which constituencies they will serve, such as undergraduate seniors, part-time, full-time, or executive MBA students, and/or alumni, as well as their preferred method of contact.

In addition, the Career Advisory Program allows alumni to locate a mentor as well. The advanced search tool allows mentors to be selected based on specific criteria, including industry, company, location, degree, year, and more.

"We are excited to offer the new Career Center module in SWAP. If you haven't yet signed on to the Stern online community, now is the perfect time to take advantage of this outstanding benefit," explained Jeanne Marano, Executive Director. "We encourage alumni to participate in this program as another vehicle to further build and strengthen Stern*Net* – the NYU Stern global alumni network."

The Career Center also offers links to online resources, job postings, alumni resumes, and more. For additional information about CAP, contact Sheri Pillo, Senior Associate Director, at spillo@stern.nyu.edu or (212) 998-0671.

A Global Community

With 70,000 alumni working in over 100 countries, Stern graduates constitute a truly global network, with alumni worldwide providing information, advice, and networking opportunities to fellow Stern graduates and current students.

The Office of Alumni Affairs serves as the gateway to Stern*Net* – the NYU Stern global alumni network. The Office provides dynamic and innovative content-driven programming, along with a host of benefits and services, helping Stern alumni get involved and stay connected to the School and to each other.

Visit www.stern.nyu.edu/Alumni to learn more about alumni programming, communications, and opportunities to get involved.

Regional Groups Lend Their Support

Australia, Boston, Germany, Mexico, Philadelphia, and the West Indies are just a few of the 59 regional alumni groups in the NYU Stern global alumni network. This fall saw a bevy of activity among the regions, including many partnership events supporting student activities and recruiting initiatives.

MBA student organizations traveled around the world, from DC to Hong Kong, with hundreds of alumni demonstrating their support. In addition, MBA Admissions visited nearly 40 cities worldwide to recruit top talent for the MBA programs, with more than 250 alumni playing an important role by participating in recruiting events, sharing their experiences with prospective students, and securing corporate sponsorship.

The NYU Stern Alumni in Mexico Regional Group, chaired by Ricardo Dadoo (MBA '84), hosted two events this year. In September, alumni gathered in Mexico City for dinner following an MBA Admissions presentation, enjoying the opportunity to network with each other and to hear an update on the School from Deputy Dean Russell Winer. In January, the EMBA Global Study Tour held a student and alumni reception featuring remarks from Professors Ingo Walter and Roy Smith.

The Los Angles Regional Group also teamed with student groups this winter. The Media and Entertainment Association (MEA), an MBA student organization, held a reception in conjunction with their annual Los Angeles TREK, bringing together alumni and current and prospective students in West Hollywood. During the TREK, MEA visited Fox, Warner Bros., ActiVision, Disney, and the Los Angeles Lakers.

A complete overview of regional activities for the 2005-2006 academic year is listed in the following Regional Roundup.

Get Involved

Visit www.stern.nyu.edu/Alumni to locate a group in your vicinity. For more information about regional groups or to start one in your area, contact the Office of Alumni Affairs at (212) 998-4040 or e-mail alumni@stern.nyu.edu.

Alumni Leaders Travel from Around the World for the Regional Leaders Summit In December 2005, regional leaders from Australia to Houston traveled to NYU Stern for the Regional Leaders Summit. The Summit offered an opportunity to hear updates from the School and share best practices. Alumni capped off the Summit with a reception at the NYU Torch Club, where they were joined by Deputy Dean Russell Winer (middle row, second from left) and Jeanne Marano, Executive Director of Alumni Affairs (middle row, right). Several leaders stayed to enjoy the Fifth Annual Stern Alumni Ball, which took place the next evening at The Museum of Modern Art.

Regional Roundup

Tri-State

New Jersey alumni attended receptions in Short Hills and the Meadowlands, which featured Susan Greenbaum, Associate Dean for the Undergraduate College, and Deputy Dean Russell Winer, who provided a presentation on marketing. In addition, recent graduates gathered in Jersey City for a networking reception. Alumni in **Connecticut**, **Long Island**, and the **New York** metro area all attended NYU in Your Neighborhood events. NYU President John Sexton spoke at the New York metro event, and NYU Professor Ronald W. Zweig was featured in Long Island.

United States

Alumni in **Boston** gathered at the Federal Reserve Bank to hear a presentation from Cathy Minehan (MBA '77), President of the Federal Reserve Bank of Boston. Boston alumni also joined MBA students for the Association for Investment Management (AIM) TREK. In **Washington, DC**, alumni met with students from the Emerging Markets Association (EMA), and gathered for a career event and reception featuring a speaker from Robert Half International. **Los Angeles** alumni attended the NYU in Your Neighborhood entertainment industry panel on "The Future of the Hollywood Studios," while alumni in **San Francisco** met with students from the Technology and New Media Group (TANG). Dean Winer met with alumni in **Dallas** and **Philadelphia**. MBA Admissions also presented in Dallas.

International

Alumni in **Buenos Aires** and **Santiago** gathered with current students participating in the "Doing Business In…" course. **Hong Kong** alumni met with students on the Asian Business Society (ABS) TREK, while alumni in **Seoul** and **Tokyo** met with students traveling with the TRIUM MBA program. In **Moscow**, alumni met with students on the EMBA Global Study Tour. Alumni in **Mumbai** gathered for a reception featuring Dean Thomas Cooley. In Isreal, **Tel Aviv** alumni gathered with current and prospective students, while NYU alumni and current and admitted students in **Jerusalem** attended a presentation by NYU Law Professor Moshe Halbertal. Alumni in **Germany** enjoyed a presentation by Professor Edward Altman, and **London** alumni met with students from the European Business Society.

Catching Up With…

Peter Jansen (right) with members of the Westchester Regional Group at the February event.

The Westchester/Fairfield Regional Group

Situated on the outskirts of Manhattan, the NYU Stern Alumni in Westchester/Fairfield Regional Group represents nearly 7,000 alumni. This group, chaired by Peter Jansen (MBA '99), has seen a host of activity over the last few years, from local wine tastings and annual golf tournaments to faculty presentations and events featuring John Sexton, President of NYU.

The Westchester/Fairfield Regional Group has been especially busy this year. In November, alumni and faculty members gathered at the Doral Arrowwood Facility in Rye Brook, NY, for a reception featuring Dean Thomas Cooley, who presented an update on the state of the School and noted that Stern intends to re-establish a presence in Westchester. In February, alumni gathered at Crabtree's Kittle House Restaurant in Chappaqua, NY, for a presentation entitled "Scoundrels and Scandals" by Professor George Smith.

"With so many alumni in the tri-state area, we enjoy an enthusiastic and strong local community," said Jansen. "We are fortunate to have not only the proximity to the varied and robust programming that takes place on campus, but also regional events where our local alumni can network in their own backyards. I recognize the increased effort by the Office of Alumni Affairs to build Stern's presence in the Westchester/Fairfield community, and I look forward to teaming with them and getting more alumni involved."

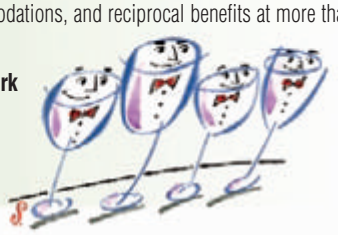
Benefits for Alumni:

Princeton Club of New York Welcomes NYU Alumni

In the midst of bustling Midtown Manhattan lies the Princeton Club, a quiet haven in the middle of one of the world's premier cities. The Princeton Club offers exclusive membership opportunities to alumni, faculty, and administrators of New York University. Membership fees vary based on year of graduation and geographic location.

Club amenities include: formal and informal dining rooms and bar, business center, lounges and library, fitness center, facilities for private functions, full program of events, overnight guest accommodations, and reciprocal benefits at more than 65 affiliated clubs.

The Princeton Club of New York
15 West 43rd Street
New York, NY 10036
(212) 596-1240



class notes

1930s

Margaret R. Thrailkill (MS '38), of Spokane, WA, was recently named Honorary Board Member of the North Idaho College, Coeur d'Alene, Idaho Foundation after 30 years of membership and participation.

1950s

Sterling D. Sessions (MBA '50), of Ogden, UT, recently co-authored the book, *A History of Utah International*, published by the University of Utah Press.

Gustav Schachter (MBA '56, PhD '62), of Brookline, MA, a Professor Emeritus of Economics at Northeastern University for the past 40 years, has co-authored a book, *Cultural Continuity in Advanced Economics*, with Saul Engelbourg, a Professor Emeritus of History at Boston University.

Stan West (MBA '56), of Lake Worth, FL, was reappointed to the Consumer Advisory Panel of the Palm Beach County Water Utilities Department for which he also chairs the Administrative Hearing Board. He was also certified by the Supreme Court of Florida as a County Court Mediator. In addition, The Florida Bar Association appointed him to its Grievance Mediation and Fee Arbitration Committee for the 15th Circuit (Palm Beach County).

1960s

Norman J. Politziner (BS '64), of Monroe, NJ, is the President of NJP Associates, a company that specializes in estate planning and benefits packages for business owners and high net-worth individuals.

William H. Turner (MBA '66), of Upper Montclair, NJ, was recently appointed to serve on the board of directors for Ameriprise Financial, formerly American Express Financial Advisors. He is the Dean of the College of Business at Stony Brook University, in Stony Brook, NY.

Ed Konczal (MBA '68), of Piscataway, NJ, co-authored a book, *Simple Stories for Leadership Insights*, published in October 2005 by University Press of America.

1970s

Thomas M. Super (MBA '70), of Eatontown, NJ, was recently appointed to the Corporate Advisory Board of Amedia, a provider of switched Ethernet ultraband solutions for the Triple Play Access Market. He is the Chief Technology Officer of NHC Communications, which designs and manufactures remotely controlled cross-connect devices commonly used by telecommunications carriers.

Anthony C. La Russo (MBA '72), of Naples, FL, recently published his first book, *Management: Ready Aim Fire.* He has over 30 years of business experience, has served as Adjunct Professor, and has written numerous articles.

Richard Berman (MBA '73), of New York, NY, has been named CEO of NexMed Inc., a developer of transdermal products based on its proprietary drug delivery technology. He has served on the Board of Directors of NexMed since 2002 and has over 35 years experience in venture capital, management, and merger and acquisitions.

Robert G. Hill (BS '73), of Pittsburgh, PA, has been named the 2006 Renaissance Communicator of the Year by the Public Relations Society of America's Pittsburgh Chapter. This award honors practitioners for excellence in communications. He is currently the Vice Chancellor for Public Affairs at the University of Pittsburgh.

Ernesto M. Ordonez (MS '73, PhD '76), of Pasig City, Philippines, was elected Vice President of the ASEAN Federation of Cement Manufacturers. He is currently the President of the Cement Manufacturers Association of the Philippines.

Thomas G. Hudson (MBA '74), of Boulder, CO, was recently appointed to the Board of Directors of Incentra Solutions Inc. He was most recently Chairman and CEO of CNT, which was sold to McDATA in June of 2005. During his tenure, he grew the wide-area storage networking business revenue from $65M to $360M.

Robert S. Loffredo (MBA '75), of Westwood, NJ, was recently appointed Financial Consultant at A.G. Edwards & Sons.

Raymond W. Dusch (BS '76), of East Setauket, NY, has been appointed to the Board of Editors of *LJN's Equipment Leasing Newsletter*, published by Law Journal Newsletters, a division of American Lawyer Media. He has written numerous articles for the newsletter and other equipment leasing publications over the last 25 years, and recently completed his three-year tenure as a member of the Legal Committee of the Equipment Leasing Association of America.

Gabriel Hawawini (PhD '77), of Fontainebleau, France, Dean of INSEAD and periodically a visiting professor at Stern, received France's highest award - La Légion d´honneur - this January in Paris. The award is an Order of Chivalry first established by Napoléon Bonaparte and is conferred by France's president upon French citizens and foreigners for outstanding achievements in military or civil life.

Martyn R. Redgrave (MBA '78), of New Albany, OH, has been appointed to Chief Administrative Officer of the Limited Brands.

Thomas McConnon (BS '79), of Commack, NY, has been elected to the Board of Directors of the Rotary Club of New York.

1980s

John W. Burns (MBA '82), of Sudbury, MA, was appointed by the Board of Directors of GlycoGenesys Inc., to the additional positions of Interim Chairman of the Board of Directors and Treasurer. He is currently the firm's Senior Vice President and CFO.

Barbara Bacci Mirque (MBA '82), of Pearl River, NY, has been named Executive Vice President of the Association of National Advertisers (ANA).

Antonio Rodriquez (MBA '82), of Malibu, CA, has been appointed Senior Vice President of North American Operations for Warner Brothers. In his new role, he will be responsible for US sales, finance, operations, sales planning, and the Canadian offices. He previously served as US Senior Vice President of Finance for Warner Brothers.

Kenneth Brown (MBA '83), of Weston, CT, has joined ABCO Refrigeration Supply Corporation as CFO.

Murray S. Kessler (MBA '83), of Bedford Corners, NY, has been named President and COO of UST and has been elected to the Board of Directors. Prior to this, he was President of UST's principal operating subsidiary, US Smokeless Tobacco Company (USSTC). In his new role, he will be responsible for UST's major operating subsidiaries, USSTC, and International Wines & Spirits. He also oversees UST's corporate communications, investor relations, and government functions.

Robert Angell (MBA '84), of Sherborn, MA, was recently appointed Director of Small Business Practice for Accounting Management Solutions (AMS). He previously owned a consulting firm which provided interim executive and advisory services to executive teams and boards of directors.

Eric Litzky (BS '84), of DeMarest, NJ, has been elected by the Board of Directors of American International Group (AIG) to service as Vice President of Corporate Governance. He has also been named Special Counsel and Secretary to the Board of Directors.

Nancy Corporon (MBA '85), of Columbia, MD, was recently affiliated as a realtor with RE/MAX Exclusive in the Baltimore/Washington, DC, area.

Matthew Flynn (MBA '85), of Hartsdale, NY, has been appointed CEO of Hanley Wood. He was previously Senior Vice President, CFO at PRIMEDIA.

Jason Mannis Palmer (BS '85), of Huntington, NY, has been elected to the Board of Directors of the New York State Society of Certified Public Accountants, the oldest and largest state accounting association in the nation. He also serves as President of Palmer Computer Services Inc., in Huntington, NY.

Christopher J. Policinski (MBA '85), of Shorewood, MN, has been named President and CEO of Land O'Lakes Inc.

David Gross (MBA '86), of Louisville, CO, has been named Chief Financial and Administrative Officer at RGL Forensics Accounting & Consultants. He previously served as RGL's Director, US Finance.

Raj Mitra (MBA '86), of San Dimas, CA, was named Senior Director of Thales Navigation, a subsidiary of the Thales Group, a EUR 10 billion French electronics company.

Mark R. Patterson (MBA '86), of Bronxville, NY, and his teammates obtained second place in the 24 Hours of Daytona race. His race car carries the NYU Stern logo, among others.

Bernard Tubiana (BS '86), of New York, NY, has been promoted to Principal of Deloitte Consulting LLP.

Carlos T. Blanco (MBA '87), of Caracas, Venezuela, has been named President of Centennial de Puerto Rico.

Robert Matza (MBA '87), of Scarsdale, NY, has joined GoldenTree Asset Management as President. He will have responsibility for business management, administrations, operations, and finance, and will help determine the strategic direction and growth of the firm. He most recently served as President and COO of Neuberger Berman, as well as a member of the Management Committee at Lehman Brothers.

David M. Saunders (MBA '87), of Stony Brook, NY, was recently appointed Group Director and Senior Vice President of Signature Bank's Melville, Long Island, office. He joins Signature Bank from Bank of America where he served as Senior Vice President of middle market lending.

Marianne Sciolino (MBA '88), of New York, NY, has started an artist management firm, Sciolino Artist Management (SAM).

Joel E. Kadis (MBA '89), of Newton, PA, was recently named Partner of Linear Retail Properties, a retail real estate acquisition and operating company. He joined the firm in 2004 as Senior Vice President of Leasing and Asset Management after spending five years as Regional Director of Asset Management for Wellsford Commercial Properties Trust, a Goldman Sachs-affiliated company.

Richard A. Reich (MBA '89), of Arcadia, OK, was recently promoted to Senior Vice President of Corporate Finance at Banc First. Formerly, he was the Director of Risk Management at OGE Energy Corporation.

1990s

Jeff Haveson (MBA '90), of Monmouth Junction, NJ, has started a new financial planning firm, Matrix Financial Advisors LLC, based in Princeton, NJ.

Patrizia E. Micucci (MBA '90), of Foggia, Italy, was recently featured in *The Wall Street Journal*'s "Women to Watch" report as one of the top ten managers to watch in Europe. She is the Managing Director, Head of Investment Banking in Italy, for Lehman Brothers Holdings.

Thor Bjorgolfsson (BS '91), of London, England, was featured in the *Financial Times* (London Edition) and was listed in *Forbes* as Iceland's first billionaire. A global entrepreneur, Bjorgolfsson is Chairman of Burdarasa, an Icelandic financial holding company, is a partner in an Icelandic investment company, and owns large stakes in a Russian beer company, Icelandic generic pharmaceutical company, the National Bank of Iceland - Landsbanki, and telecom

Money Handler

David Handler (BS '88, MBA '90)

David A. Handler is Senior Managing Director at Bear Stearns. He joined the firm in 2000. As Founder and Co-head of Bear Stearns Global Communications Technology and Software Group, which has handled more than $25 billion in financing and advisory assignments, Handler works with clients in the United States, Europe, and Asia on mergers and acquisitions of communications technology companies. He is also a member of Bear Stearns' President's Advisory Council.

Prior to joining Bear Stearns in 1995, Handler was employed by Jefferies & Company as Vice President. He was promoted to Managing Director in 1998, with responsibility for overseeing the firm's Technology Group and New York Investment Banking office.

For the past 12 years, Handler has been a member of the Board of Directors of Penn National Gaming, the nation's third largest gaming company. In 1998, he became a member of the Board of Directors and of the Executive Committee of the New Group, a highly-regarded nonprofit organization that promotes the arts in New York City. He also administers the Grosevnor Foundation, a charitable trust he founded that supports numerous local and national nonprofit causes.

A dual degree graduate of Stern, Handler speaks of an "incredible program that more than exceeded my needs." He is an active alumnus, currently serving on the Undergraduate Dean's Advisory Council, a non-overseeing affiliation that assists in shaping the College's direction, and he encourages current students to take advantage of all that the School has to offer. "Stern has made so many radical changes for the better over the past 20 years, probably more than any other top business school over the same period of time," he says.

Passionate about his work, Handler takes pride in his success in a highly competitive industry. "My clients are among the leaders in the technology sector, so having credibility and respect among a discerning client base has been very rewarding." He stresses that investment banking newcomers should reflect on their reasons for joining the industry. Handler advises that "while investment banking can yield monetary rewards, it is very difficult to have a long and successful career on Wall Street without being passionate about what you are doing."

Digital Projector

Bud Mayo (BS '64)

In Hollywood, youth is a perennial obsession. But in December 2005, as *Fast Company* magazine was compiling its list of the 10 hottest minds in Hollywood, it included an entrepreneur with more than 40 years of experience under his belt.

As Co-founder, Chairman, and Chief Executive Officer of Access Integrated Technologies Inc., Bud Mayo heads a pioneering company that is leading the way for the transition from film to digital in the movie industry. AccessIT provides proprietary software and services for movie producers, distributors, and exhibitors. Mayo conceived the idea for AccessIT while serving as President and CEO of Clearview Cinemas LLC, which he founded in 1994 and sold to Cablevision in 1998.

"The melding of technology and entertainment, and the opportunity to lead the industry into the digital era was irresistible," says Mayo. "AccessIT is a culmination of all my professional and educational experiences, from finance to technology to entertainment. This kind of opportunity only comes around once in a lifetime."

"My vision is to provide a global exchange of mainstream products in every language to and from every country," he continues. "Currently, content is only coming out of Hollywood, with hardly anything coming into the United States. In the digital era, this will all change."

Mayo is a serial entrepreneur. He began his career with IBM as a computer salesman and later co-founded more than a dozen computer services companies. He was the Founder, Chairman, and CEO of Clearview Leasing Corporation, a lessor of computer peripherals and telecom equipment. Between 1994 and 2000, he built Clearview Cinemas from an eight-screen operation into a 300-screen chain, whose outlets included the Ziegfeld Theatre in New York City. He also served in various senior corporate finance positions on Wall Street.

"The atmosphere at Stern really awakened my entrepreneurial spirit," says Mayo. "At the Undergraduate College there were so many students with so many goals and dreams, it was contagious. My advice to others who wish to launch their own venture is to find your passion. I keep a quote from Ralph Waldo Emerson posted outside my office door as a reminder: 'Nothing great was ever accomplished without enthusiasm.' "

companies in the Czech Republic and Bulgaria.

Keith Kaplan (MBA '91), of Ramsey, NJ, was promoted to Vice President, Marketing and Product Development at Comtex News Network Inc., a provider of electronic real-time news and content. Previously, he held the position of Director of Product Development and was instrumental in the introduction of various new products and in the development of new corporate branding campaigns.

Ronald D. Kazel (BS '91), of Arlington, VA, has been named a Managing Director of Annaly Mortgage Management Inc.

Patrick E. Phelan (MBA '92), of Elk Grove, CA, recently joined North Bay Bancorp as Executive Vice President and CFO. He will oversee financial matters of North Bay and its subsidiary bank, The Vintage Bank, and its Solano Bank division. His responsibilities include financial and regulatory reporting, financial analysis and planning, general ledger management, budgeting, capital management, asset/liability management, fixed assets, and accounts payable.

Lawrence Handen (MBA '93), of Potomac, MD, has recently joined Insight Venture Partners, a venture capital firm exclusively focused on the global software and Internet services industries, as Managing Director. He will be responsible for deal flow execution and management in Insight's newly launched Insight Venture Partners V. Previously, he was a Managing Director at VantagePoint Venture Partners, where he managed investments in the software, Internet, and media sectors.

Claudia Harris (MBA '93), of St. Louis, MO, and husband, Noel, welcomed daughter Isabella Keyvan, on August 26, 2005.

Steffin Gorig (MBA '94), of Munich, Germany, was named Managing Director of Mondi Packaging, a release liner production company.

Philip Lam (MBA '94), of Closter, NJ, recently accepted a job to head up the US operations for Yappa Corporation, a 3D Web technology and creative services company headquartered in Japan.

Steven Berns (MBA '95), of Short Hills, NJ, was recently promoted to President and CFO and appointed a member of the Board of Directors of MDC Partners. In this new role, he will work more closely with MDC Partners' operating businesses, and will continue to be responsible for overseeing MDC Partners' financial management and corporate development teams.

Michael K. Clark (MBA '95), of New York, NY, has co-founded Stinson Partners, a marketing consultancy/agency that specializes in interactive and direct marketing.

Jason O. Hirschhorn (BS '95), of New York, NY, was recently named Global Chief Digital Officer at MTV Networks. He will be responsible for coordinating MTV's digital media efforts.

Robert H. Von Furth (MBA '95), of Northampton, MA, recently joined Ryan Becks & Co., an investment firm, as Managing Director. He will be responsible for originating, structuring, and executing transactions for consumer products and services companies and will oversee the expansion of the firm into the restaurant, grocery, and food sectors. Prior to joining the firm, he was a Managing Director of Deloitte & Touche Corporate Finance LLC.

Pialy Aditya (BS '96), of New York, NY, recently received her MBA from Harvard Business School.

Natalie A. Birrell (MBA '96), of Westfield, NJ, has recently joined Arden Asset Management Inc., a leading fund of hedge funds manager, as Managing Director with the responsibility for working to enhance the firm's technology, infrastructure, risk management, strategic planning, and new product platform, portfolio operations, and investment processes. Previously, she was a

Managing Director and COO of Deutsche Bank's Absolute Return Strategies Group.

Kevin Ma (MBA '96), of Columbus, OH, and his wife, Margie, welcomed a son, Stephen Stanley Ma, on May 17, 2005. Kevin was also promoted to Director of Leveraged Loans for the Office of Investments Group at Nationwide Insurance.

John A. MacPhee (MBA '96), of Ridgewood, NJ, was promoted to President of the Branded Products Division at Par Pharmaceuticals Companies Inc., and elected a corporate officer by Par's board of directors. In his new position, he will continue to develop marketing and sales strategy and establish first priorities for the branded business, including identifying new markets and new products.

Yvonne K. Briggs (MBA '97), of Brooklyn, NY, has recently been appointed to Vice President of Business Development at IRIS International, a manufacturer and marketer of automated IVD urinalysis systems and medical devices used in hospitals and laboratories worldwide. Her role includes identifying, evaluating, and executing potential strategic initiatives in the area of new technologies and product opportunities.

Jonathan Eng (BS '97), of New York, NY, recently joined IBM Business Consulting Services in the Financial Markets Practice. In addition, he married Alice Teng at the Four Seasons Maui on May 27, 2005.

John T. Matwey (MBA '97), of New York, NY, was recently appointed as Director of Risk Management and Portfolio Services at Tremont Capital Management Inc. He will be responsible for managing several long-term initiatives for the firm's investment management group, including enhanced development and implementation of Tremont's risk analytics platform. He joins the firm from RiskMetrics Group Inc., where he had been a director in the Alternative Business Division.

Robert Reitz (MBA '97), of Orem, UT, has been named CFO of Whole Living, a manufacturer and distributor of all-natural whole foods. He has direct sales experience in Singapore, Hong Kong, Malaysia, and other international markets. He also spearheaded a successful entry of a US-based company into the Japan market.

Jed Fishback (MBA '98), of South Orange, NJ, and wife, Breena, welcomed their son, Jordan David, on September 29, 2004.

Frank F. Lin (MBA '98), of Las Vegas, NV, and **Desiree Marie Acosta (MBA '99)**, of Las Vegas, NV, were married on September 3, 2004.

Sharon Simon Mahan (MBA '98), of Anaheim, CA, and husband, George, welcomed a son, Nathan Thomas, on February 28, 2005.

Michael B. Munter (MBA '98), of Scarsdale, NY, has recently been promoted to Vice President of Operations for CareOne LLC, New Jersey's largest private owner and operator of long-term care and assisted living facilities.

Lori M. Rutt (MBA '98), of Edgewater, NJ, and Alvaro L. Serrano were married in New York City on August 19, 2005.

Daniel M. Cohen (MBA '99), of New York, NY, recently returned to the private sector after a three-year term in the Bloomberg administration, working at the city's economic development corporation. He now works for ING, financing development projects throughout North America.

Lisa C. Markowitz (BS '99), of Allentown, PA, and husband, Dr. Moshe Markowitz, announced the birth of their

His Life, His Card

Massimo Quarra (MBA '79)

Travelers take the American Express card with them all over the globe. The company behind the card also has a way of making sure its executives see the world.

In his 27 years with American Express, Massimo Quarra has worked in Latin America, Asia, and Europe, where the Italian executive serves as President of the company's European offices. Quarra joined the company in July of 1979, after receiving an MBA in international finance from NYU Stern, and spent the early portion of his career working in a variety of finance positions in both Latin America and Asia. He returned home to Italy in 1987 to serve as Chief Financial Officer of American Express Italy. Throughout this tenure, he continued to broaden his professional repertoire to include systems, operations, marketing, sales, customer service, and relationship management.

"Finance is a great starting point for a career in general management," he says. "But to succeed, you need to ensure that you gain a solid understanding of the other components of business as well."

Quarra was appointed Managing Director of American Express Italy in 1993, Regional President of Southern Europe in August 2000, and President of Europe in July 2004.

"The most exciting and challenging thing about working internationally is learning the different aspects of various cultures," he remarks. "Conducting business in different cultures and adapting and tailoring global strategies to specific countries is essential in order to win in the marketplace."

Quarra continually calls on the experience and knowledge he has gained throughout his career and at NYU Stern. "Receiving an international finance degree from NYU Stern really prepared me for a career in global business," he says. "At Stern, I was exposed to a wide variety of cultures and students. In addition, New York City is one of the greatest international cities in the world. Just being in the city on a daily basis and experiencing everything the city has to offer helps set you on the path to being a citizen of the world. I have made excellent contacts during my studies at NYU and I have kept in touch with many of them."

"Working internationally was my goal when I left Stern," he continues. "Combining my business education with the opportunities American Express has offered me has helped me achieve this goal."

daughter, Talia Esther, on June 21, 2005.

Stacey Widlitz (MBA '99), of New York, NY, was appointed Managing Director for Pali Research. She will serve as a retail analyst covering specialty retail equities. Prior to this, she was a retail analyst at Fulcrum Global Partners.

2000s

Kjerstin E. Barley (MBA '00), of San Carlos, CA, was recently appointed Senior Vice President at Origination, where she will be responsible for developing client relationships within the technology sector. She has more than 12 years of experience in technology and finance, most recently serving as Investment Banking Vice President for Bear Stearns.

Yuri Brodsky (MBA '00) and **Tammi Stegeman Brodsky (MBA '00)**, of New York, NY, welcomed their first daughter, Elizabeth Kathryn, on March 23, 2005.

Siranoush Dervogormiyaciyan (BS '00), of Cliffside Park, NJ, recently received her MBA from London Business School. She moved back to New Jersey in fall 2005 and has taken a position with Booz Allen Hamilton.

Stephane Kirkland (MBA '00), of Paris, France, has been appointed to the Board of Directors of SPE, the second largest Belgian electricity and gas company.

William F. Sawyer (MBA '00), of Brooklyn, NY, recently joined Leerink Swann, an investment banking firm that provides healthcare equity research for institutional and high-net-worth clients, as Director of Specialty Pharmaceuticals. He will focus his research efforts on generic manufacturers. Previously he worked at Merrill Lynch on an *Institutional Investor*-ranked specialty pharmaceutical research team.

Garvis Toler (MBA '00), of Rockville, MD, recently joined the Center for Financial Research & Analysis as Director of Sales and Marketing. In addition, he and his wife, **Samantha Cherney Toler (MBA '00)**, welcomed their daughter, Grace Louise, on May 5, 2005.

Danny Bao (MBA '01), of Shanghai, China, and **Josh Kurtzig (MBA '04)**, of Beaverton, OR, have launched a new educational venture in Shanghai. The company, China Business Institute, aims to provide English-based business training to Chinese junior- and mid-management professionals.

Marcus Hadden (MBA '01), of South Orange, NJ, and wife, Tasia, announced the birth of their son, Maximilian John, on March 30, 2005.

Shahid Khan (MBA '01), of Princeton Junction, NJ, has joined Interactive Broadband Consulting Group LLC, a consulting firm advising top management in the broadband-related sectors of cable, mobile, technology, and digital media, as Partner. He will be responsible for leading major client engagements and

Early Adopter

Ann Reese (MBA '82)

Ann N. Reese is Co-director at the Center for Adoption Policy (CAP), which she co-founded in 2001. CAP's mission is to provide research, analysis, advice, and education to practitioners and the public about current legislation and practices governing domestic and inter-country adoption.

Prior to creating CAP, Reese spent more than 25 years in finance. After graduating from the University of Pennsylvania in 1974, Reese joined the Bankers Trust training program as one of the few women preparing for a career in commercial banking. At that time, the only commercial banking positions available were in the Middle East, where women weren't allowed to travel. Reese asked to be placed in the foreign exchange trading program, and landed on the foreign exchange desk. This experience led to a job offer from her client, Union Carbide.

She later worked as the Treasurer of Mobil Europe and as the Executive Vice President and Chief Financial Officer of ITT Corporation. Now, Reese serves on the Board of Directors of Merrill Lynch & Company, CBS, Jones Apparel Group, Sears Holdings, and Xerox.

Reese attended Stern part-time while working at Union Carbide and Mobil Oil. "I got a tremendous amount out of the part-time experience," says Reese. The MBA program exposed Reese to people working in different disciplines, giving her a better sense of how to advance her career. "Before, 'networking' was just a word; Stern taught me how to network."

In June of 2000, Reese and her husband, Stanley, expanded their family of three sons, (now 15, 19, and 22) by adopting two Romanian toddlers. Their son and daughter were developmentally delayed as a result of their time spent in institutions, and they needed speech and physical therapy. By the end of 2000, Reese had left her job to devote herself to her children's rehabilitation.

Frustrated by the process of her inter-country adoption, Reese founded CAP with a lawyer who also has a blended family. "There are 413 million orphans in this world, with half a million in foster care in the US alone, and 6 million adoptees here," says Reese. "My goal is to find a permanent home for every child who needs one."

Reese considers her decision to adopt and to create her nonprofit organization among the best she has made. "Adopting Ileana and Traian brought so much to our family, opened my eyes to a need I didn't know about, and [through CAP] helped me find a niche where I could make a difference in the world."

Attributing her career success to serendipity, Reese says, "I was lucky enough to be given opportunities, and smart enough to take them." She insists that she didn't map out a rigid path to reach the top ranks of finance. "My career was a lot of small steps. I never worried about titles or money, but focused on interesting experiences; the rest followed." Perhaps the best advice that Reese can offer to those seeking to follow in her footsteps is to "focus on the opportunities, not the roadblocks."

for the firm's thought leadership and public relations activities.

Andrew Pancer (MBA '01), of Tenafly, NJ, has been named COO of About.com, a content website which is a part of The New York Times Company.

Gregory Wilmore (MBA '01), of New York, NY, was married to Barbara, on July 30, 2005, in Lake Placid, NY.

Sandra Delmonte (BS '02), of Forest Hills, NY, and **Raphael Frydman (BS '02)**, of Forest Hills, NY, were married on May 7, 2005.

Olivier Neant (MBA '02), of Paris, France, and his wife, Miki, are pleased to announce the birth of their first child, Julia Ayumi, on April 13, 2005.

Lukas Neckermann (MBA '02), of Munich, Germany, was recently quoted in *Handelsblatt*, a German newspaper, in an article entitled "Is an MBA from US Business Schools Still Worth It?" While giving credit to the development of European programs, he stated that US MBAs are still the "be-all and end-all of MBAs." He is the Regional Leader for the NYU Stern Alumni in Germany Regional Group.

Ashwin Ramji (MBA '03), of Arcadia, CA, has accepted a position as Senior Strategy Analyst at Provision Ministry Group, a nonprofit company located in Irvine, CA.

Poupak Sepehri (MBA '03), of Boston, MA, has accepted a position as Global Communication Manager for GE Industrial Sensing.

Breyt L. Coakley (MBA '04), of New Hartford, NY, and wife, Jane, announced the birth of their daughter, Olivia Jane, on December 1, 2005.

Petter Nore (MBA '04), of Oslo, Norway, has been named General Secretary of the International Gas Union, effective October 2007. The announcement was made in Beijing on October 19, with 81 delegates from member countries and associate members from most of the world's oil and gas companies present. He is currently the head of Hydro's office in Moscow.

Peter Williams (MBA '04), of Commack, NY, has been named Global Head of Hedge Fund Technology for UBS.

In Memoriam

George Forman (BS '39, MBA '52)
Joel H. Ettinger (BS '40)
Jerome L. Langer (BS '40)
William N. Roth (BS '47)
Joseph H. Gardner (BS '49)
Robert Warshaw (BS '49)
Kendrick B. Tibbetts (BS '50)
John J. Winkopp (BS '50)
Floyd L. Simmons (BS '56)
Samuel L. Pettit (BS '58)
Michael Mendelson (BS '64)
Deborah W. Solnit (BS '66)
Evelyn Gutman (BS '74, MBA '77, PhD '85)
Jan Stackhouse (MBA '87)
Charles Miller (MBA '02)
Rachelle S. Curry (MBA '04)

Save the Date
Florence 2007:
Global Alumni Conference
June 8-9, 2007

Additional details will be available in the coming months. Visit www.stern.nyu.edu/Alumni for updated information.

SEND US YOUR NEWS

Do you have a new job or promotion? An award, honor, or achievement to share? How about a marriage, new baby, or adoption? Let other alumni know about the things happening in your life.

Send us your news online through Class Notes in SWAP – the Stern Worldwide Alumni Platform – at **www.stern.nyu.edu/Alumni,** or mail in the following form, and we will publish it in an upcoming issue of *STERNbusiness*.

Name

Class Year(s) and Degree(s) from NYU Stern

Degree from Other Institutions

Job Title

Company Name

Business Address

Home Address

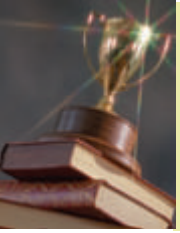
Work Phone Home Phone

Preferred E-mail Address

News to Share with NYU Stern Classmates

Please send or fax this form to:

Office of Alumni Affairs
NYU Stern School of Business
44 West Fourth Street, Suite 10-160
New York, NY 10012-1126
Fax: 212-995-4515



Half-Centennial Retrospective

By **Daniel Gross**

Abraham (Abe) Gitlow joined NYU Stern when it was, in his words, an academic "factory," focused on giving thousands of New York City residents the skills necessary to assume important roles in the emerging US post-WWII workplace. When he retired 40 years later, Stern had grown into a highly diversified institution with an international reputation for excellence in academic research and teaching.

An Air Force veteran and Columbia PhD, Gitlow joined the School of Commerce, Accounts & Finance (as NYU Stern's Undergraduate College was then known) in 1947.

"It was a huge, educational factory – and I don't mean that in a pejorative way," said Gitlow, who served as dean of the School of Commerce from 1965 to 1985. With student ranks swelled by former GIs, "there were about 10,000 students registered. The graduating classes dominated the Commencement exercises of the University."

The offices, then in Shimkin Hall, were similarly packed. Faculty members shared desks.

"There were completely open department offices we referred to as bullpens," he recalled.

At the time, the School of Commerce was divided roughly equally between day and evening students. The classes were large and practical. Many members of the faculty did not have doctorates, and they focused more on teaching the application of business than on conducting academic research. "It was a true school of opportunity," he said. "And a very large number of the city's accountants, attorneys, and businesspeople in all spheres of industry graduated from that School."

Dean Abe Gitlow circa 1977

But over time, as demographics shifted, the School's mission and ambition changed. With that change, new resources were attracted. Gitlow was named dean in 1965. Over the next two decades, the School's academic reputation grew – "with professors like Ernie Kurnow, Mike Schiff (PhD '47), Bob Kavesh (BS '49), and Jules Backman (BS '31, MBA '33, PhD '35), the School began to make what became an extraordinary transformation," Gitlow said.

The School acquired more real estate, backed by a large gift from the Tisch family. Working with famed architect Philip Johnson, who designed Tisch Hall, was one of the highlights of Gitlow's tenure. "Johnson told [former New York University President] Jim Hester that it was a pleasure to do business with us because we knew what we wanted, and consequently he had a very clear mandate," he said.

Over time, the Stern School acquired a more global outlook and a larger and deservedly earned reputation for attracting students from all over the world, and equipping them with the tools needed to become leaders in today's global economy. "If you tell someone that you're an alumnus of Stern, there's a little arching of the eyebrow, a kind of nod, and a great deal of respect," Gitlow remarked.

At 87, Gitlow is retired, but hardly retiring. In 1995, he wrote the Stern history, *NYU's Stern School of Business: A Centennial Retrospective*. And last year, Gitlow, who lives in Miami Beach, published *Corruption in Corporate America: Who is Responsible? Who Will Protect the Public Interest?* (University Press of America). As he looks up north, he likes what he sees. "The Undergraduate College today is a place for smart, ambitious kids who are going to be the creators of a greater society," he concluded. ■

DANIEL GROSS *is editor of* STERN*business*.

CALENDAR OF EVENTS

For the most up-to-date information on events, visit the Office of Alumni Affairs website at www.stern.nyu.edu/Alumni or contact the Office at (212) 998-4040 or alumni@stern.nyu.edu.

UPCOMING EVENTS

April	**22**	**10th Annual All-University Conference on Self-Employment, Business Ownership & Entrepreneurship** 8:00 am – 6:00 pm; Schimmel Auditorium, Tisch Hall
	25	**Reality Investing at Stern: The Michael Price Student Investment Fund** 6:00 pm: Presentation, Rm 2-60, Kaufman Management Center (KMC); Networking Reception, Barr-Kawamura Commons (Rm 5-50), KMC
May	**16, 17**	**Salomon Center's Credit Risk Conference: "Recent Advances in Credit Risk Research"**
	18	**Author Lecture Series: Ben Friedman on "The Moral Consequences of Economic Growth"** 6:00 pm; Schimmel Auditorium, Tisch Hall
	18, 19	**NYU Pollack Center for Law and Business Directors' Institute** Thursday, 6:30 pm: Welcome Reception; Friday, 8:00 am – 5:00 pm: Conference; Kimmel Center; www.stern.nyu.edu/clb
	19	**Lifelong Learning Workshop: Real Estate with Professor Harry Chernoff** 8:30 am – 1:30 pm: Lecture, Rm 2-60, KMC; Luncheon, Douglas B. and Joseph H. Gardner Commons (The Commons), KMC
June	**15**	**Alumnae Network Author Lecture with Barbara Stanny, author of "Secrets of Six-Figure Women" and "Overcoming Underachieving"** 6:00 pm; The Commons, KMC

GRADUATION AND ALUMNI REUNION WEEKEND

May	**9**	**Undergraduate Baccalaureate** 6:00 pm; The Theater at Madison Square Garden
	10	**Graduate Precommencement** 12:00 pm; The Theater at Madison Square Garden
		Grad Alley 5:00 pm; West Fourth Street, La Guardia Place, and the NYU Plazas
	11	**NYU Commencement** 12:00 pm; Washington Square Park
		MBA Class of 1981, 1986, 2001, and Undergraduate Class of 2001 Reunion Receptions 6:00 pm; KMC
	12	**NYU Alumni Association Awards Dinner** 6:30 pm; The Roosevelt Hotel, New York, NY
	13	**Entertainment, Media, and Technology Panel: "Changing Channels: Reaching Consumers Through Today's Media"** 11:30 am – 1:00 pm; Schimmel Auditorium, Tisch Hall
		Luncheon with Dean Thomas Cooley 1:30 – 3:30 pm; The Commons, KMC
		All NYU Alumni Reunion Gala Dinner Dance 7:00 pm; Grand Hyatt Times Square, New York, NY

STERN ALUMNI PROGRAMMING

April	**22**	**Recent Graduate: NY Cares Spring Clean-Up Day** 9:30 am – 3:00 pm
	25	**EMBA Global Study Tour Student & Alumni Reception in Rio de Janeiro, Brazil**
May	**4**	**First Thursday: Recent Undergraduate Alumni Happy Hour** 6:00 pm; Midtown
July	**13**	**Undergraduate Alumni Summer Beer Blast** 6:00 pm; Rm 5-50, KMC
August	**17**	**MBA Alumni Summer Beer Blast** 6:00 pm; Rm 5-50, KMC

"NYU IN YOUR NEIGHBORHOOD"

Reservations required. For complete information, visit the website at **www.nyu.edu/alumni**.

May	**1**	**San Diego, CA**	**May**	**23**	**Houston, TX**
	2	**San Francisco, CA**	**June**	**6**	**Boston, MA**
	4	**Los Angeles, CA**			

The Relevance of Peter Drucker's Management Philosophy in Today's World

https://thinkers50.com/blog/relevance-peter-druckers-management-philosophy-todays-world/

Author

Professor M.S.Rao, Ph.D. is the Father of "Soft Leadership" and Founder of MSR Leadership Consultants, India. He is an International Leadership Guru with 37 years of experience and the author of 37 books including the award-winning '21 Success Sutras for CEOs' He is a sought-after keynote speaker globally. He is passionate about serving and making a difference in the lives of others. He shares his leadership wisdom freely with the world on his four blogs. His vision is to build one million students as global leaders by 2030. He is a dynamic, energetic and inspirational leadership speaker. He can be reached at: msrlctrg@gmail.com.

"The most valuable assets of a 20th-century company were its production equipment. The most valuable asset of a 21st-century institution, whether business or non-business, will be its knowledge workers and their productivity." <<< Peter F. Drucker

Peter Drucker needs no introduction in the world. He was an imaginative thought leader who predicted the birth of knowledge economy and knowledge workers long ago. He coined several concepts including management by objectives (MBO) and knowledge workers. He encouraged nonprofits to build better communities and societies. He remarked on nonprofits in his award-winning book, Managing the Non-Profit Organization: Principles and Practices as follows: "The "non-profit" institution neither supplies goods or services not controls. Its "product" is neither a pair of shoes nor an effective regulation. Its product is a changed human being. The non-profit institutions are human-change agents. Their "product" is a cured patient, a child that learns, a young man or woman grown into a self-respecting adult; a changed human life altogether." He added immense value to the discipline of management, and is known as the father of "modern management." He authored 39 books including the award-winning The Practice of Management, The Effective Executive, The Essential Drucker and Management

Challenges for the 21st Century. He authored books in diversified genres including social, political, business and management. He had the uncanny ability to interlink knowledge from different disciplines.

Peter Drucker was a multifaceted personality who worked as an employee, educator, author and advisor before becoming a management guru. He pioneered the concept of decentralization, privatization and social institutions. He believed in the empowerment of employees and treated employees as assets. He predicted the usage of computers and conversion from manual workers into knowledge workers. He predicted the rise of Japan as an industrial power. Ford Motor Company successfully implemented his ideas after World War II. General Electric under the leadership of Jack Welch effectively applied his ideas.

Peter Drucker could see what could not be seen by others. He envisioned future which no other management thinker could envision. He received several awards and honors globally for his contribution. BusinessWeek remarked, "What John Maynard Keynes is to economics or W. Edwards Deming to quality, Drucker is to management." Warren said. "He had a way of saying things simply. Peter was far more than the founder of modern management, far more than a brilliant man, one of the greatest minds of the 20th century. He was a great soul. If I summed up Peter's life in three words, it would be integrity, humility and generosity…. Peter was the only truly Renaissance man I've ever known. He had a way of looking at the world in systems view that said it all matters." After reading Peter Drucker's first major work, The End of Economic Man in 1939, Winston Churchill described Drucker as "one of those writers to whom almost anything can be forgiven because he not only has a mind of his own, but has the gift of starting other minds along a stimulating line of thought."

Who are Knowledge Workers?

Knowledge workers are extraordinary workers with amazing ideas, insights, experiences and judgments. They invent new products and services, and are able to predict the future technology and knowledge. They are always ahead of their times and technologies. They are the pillars of organizations with visionary mindset to take their organizations to great heights. Peter Drucker defines them as "high level employees who apply theoretical and analytical knowledge, acquired through formal education, to develop new products or services". He emphasized the importance of knowledge workers and mushrooming services sectors. He remarked, "It is the individual knowledge workers, who, in large measure, will determine what the organization of the future will look like and what kind of organization of the future will be successful." The future organizations will be led by specialized knowledge workers unlike the present knowledge workers. Hence, it is essential to transfer knowledge from experienced professionals to inexperienced individuals within the organization. Presently knowledge is growing exponentially. There is more demand for specialized knowledge which is likely to change rapidly with advanced technology. Additionally, it has become a major challenge to predict the knowledge as it

is tough to anticipate where the technology would take us to next level. Hence, there is an urgent need to adopt new tools and techniques to ensure seamless supply of knowledge in the knowledge pipeline to ensure organizational excellence and effectiveness. The future knowledge will be highly volatile, and is based on the volatility in the technology. It is essential to encourage continuous research to forecast the future knowledge and technological trends. Hence, it is equally essential to encourage employees to learn, unlearn and relearn quickly to keep pace with the rapid global changes.

Knowledge workers are the people with knowledge as their capital. They are different from manual workers. In 1959, Peter Drucker coined this concept in his book, The Age of Discontinuity. He said that knowledge workers are the people who primarily work with information and make use of it in the workplace to achieve better performance and productivity. He further added, "The most important, and indeed the truly unique, contribution of management in the 20th Century was the fifty-fold increase in the productivity of the manual worker in manufacturing. The most important contribution management needs to make in the 21st century is similarly to increase the productivity of knowledge work and the knowledge worker." He predicted that the knowledge workers will play a crucial role for the rapid growth of the global economy.

Knowledge workers are the result of the mushrooming services sectors. They capture the global attention currently, and are the future leaders. They dominate the entire economy especially the services sectors. They are consultants and collaborators rather than contractors and competitors. They know where the revenues originate, and work on them passionately. They grow in the corporate ladder quickly and excel as leaders. They are smart and wise workers who believe in delivering qualitative results. They strive for excellence rather than perfection.

With the mushrooming services sectors there is a need for more knowledge workers who are paid for their knowledge and thinking. For instance, engineers, scientists, accountants, researchers, educators, authors and consultants and the professionals coming from such similar professions belong to the category of knowledge workers. In fact, knowledge workers are paid more than others. It is the consultants rather than the contractors who will earn respect and money. They constantly upgrade and update their knowledge through continuous research. They consult companies and gain exposure to the ground realities, and then do research to resolve those challenges through their innovation. Hence, consultants are better placed than contractors because they constantly reinvent themselves with the changing times and technologies.

The present world expects employees with a unique blend of mindset, toolset, and skillset to deliver goods and services effectively, and it is available only among the knowledge workers who are the leaders, and the carriers of knowledge to the next generation. If you want to grow professionally; ensure quick career growth and grab the opportunities, you must become a knowledge worker.

The Role of Knowledge Workers

Peter Drucker advised, "Knowledge has to be improved, challenged, and increased constantly, or it vanishes." Hence, knowledge workers must not take their successes and positions for granted because what got them to the present status of knowledge workers may not help them reach the next higher level if they don't reinvent regularly. They must write down where they stand in terms of talents, skills, knowledge and capabilities currently. They must write down where they would like to be after two or three years as it provides clarity in their minds, and helps achieve the desired objectives. It is always better to ink than to think. Hence, the knowledge workers must write down and take feedback regularly.

The Role of Organizations

Peter Drucker said, "All organizations say routinely 'People are our greatest asset'. Yet few practise what they preach, let alone truly believe it." Hence, companies must walk their talk by grooming the knowledge workers. Companies must find out their expectations and aspirations. In fact, knowledge workers basically look for the right professional ambience and talented people to collaborate to create more knowledge. They emphasize quick career growth and prefer working in an organizational environment free from politics. Most people think that it is the money the knowledge workers crave for, which is totally wrong. In fact, they look beyond money in the workplace apart from providing them with professional challenges.

Knowledge workers are the backbone of a modern economy and every organization must realize this fact and treat them as assets rather than as costs. Companies must realize their needs from time to time, and meet the same to ensure better performance and productivity. Above all, they must invest heavily to train and groom them as it is beneficial in the long run for employers and employees.

Challenges for Coaches

Peter Drucker remarked, "Making knowledge workers productive requires changes in attitude, not only on the part of the individual knowledge worker, but on the part of the whole organization." Therefore, there is a huge challenge lying ahead for current coaches to manage both the employees and employers to bring out the desired objectives. In addition, the present knowledge workers are much superior to coaches in terms of knowledge. They are also well ahead of their times and coaches. Young knowledge workers (Gen Y) are much superior to elderly knowledge workers (Baby Boomers) as they are quick in thinking, and exposed to technology. They shift companies and acquire knowledge from multiple domains, synthesize and create more knowledge. Some of the young knowledge workers prefer becoming employers to employees. Hence, managing knowledge workers is a major challenge for them. However, passionate coaches enjoy coaching such knowledgeable coaches.

Individuals are Mortal and Ideas are Immortal

Joseph L. Badaracco once remarked, "In today's environment, hoarding knowledge ultimately erodes your power. If you know something very important, the way to get power is by actually sharing it." Knowledge is not the property of any individual. It is the asset of the intellectuals who acquire it, and it is the magnanimity of intellectuals who share it with others. It is not important whether the intellectual is an Indian, American, Asian, African, European or from any nationality. What is important is that the greatness of the intellectuals who share their knowledge with others to build a better society and world. Above all, ideas are more important than individuals because individuals are mortal while ideas are immortal. Hence, add value either in a small or a big way, and share it with others to keep your ideas immortal, and to keep this world a better place to live. Dalai Lama rightly remarked, "Share your knowledge. It's a way to achieve immortality."

Is Peter Drucker Relevant in Today's World?

"Management by objectives works if you first think through your objectives. Ninety percent of the time you haven't." — Peter F. Drucker

The concept of MBO is relevant as it helps set objectives to accomplish them. It saves time, money, energy and organizational resources. Several global organizations benefitted from it. The Economist quoted, "MBO is one of the rational school of management's successful products."

With the rapid growth in technology, the information is inundated. The people are able to leverage it to excel as knowledge leaders. Most of his ideas and insights are relevant even today because his research was based on future requirements in the discipline of management.

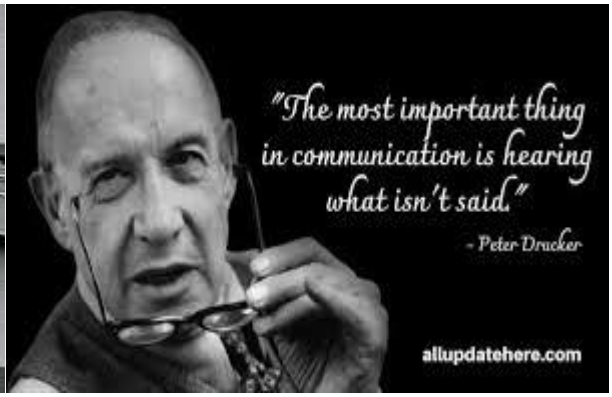
Peter Drucker — Integrity, Humility and Generosity

"Organization has created an employee society… Knowledge workers are the new and growing majority – both the main cost and the main resource of all developed societies." — Peter F. Drucker

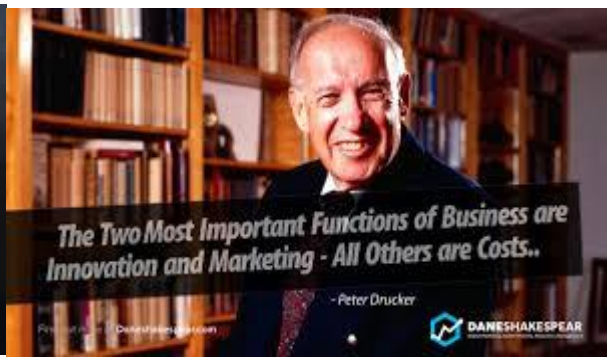
Peter Drucker believed that management is an interdisciplinary subject and not confined to quantitative statistics in measuring profits as an outcome, but applicable to social missions and a catalyst for innovations to be delivered by people.

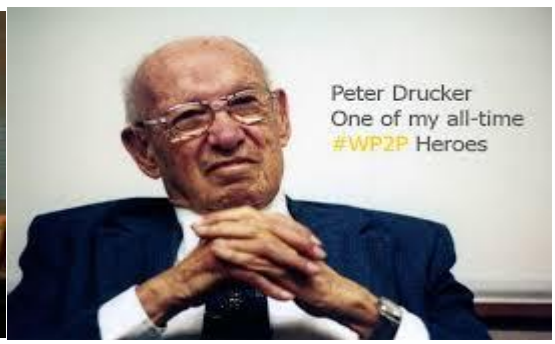
Peter Drucker offered tools and techniques to become your own successor as follows: diversify your efforts and outputs; develop a powerful personal brand; maintain a global outlook and world view; remain relevant; produce a consistently impressive body of work; and creative work that benefits others.

Peter Drucker's management ideas and insights are pearls. He was a visionary leader who was far ahead of his time. He emphasized the significance of soft skills long ago when only hard skills were highly respected. He preferred soft leadership to hard leadership. He valued time and emphasized human resources, work-life balance, customers and nonprofits. He is more relevant today and his ideas and insights continue to inspire the world irrespective of the discipline. He was the rarest management thinker who added an immense value to the discipline of management with his philosophy, principles, and practices. The management thinkers across the world cutting across their national borders salute this management legend for his passion, vision and contribution.



Only three things happen naturally in organizations: friction, confusion, and underperformance. Everything else requires leadership.
Peter Drucker
AZ QUOTES


The Two Most Important Functions of Business are Innovation and Marketing - All Others are Costs..
- Peter Drucker
DANESHAKESPEAR



Father

of

Modern Management

https://www.corporatelearningnetwork.com/leadership/columns/how-peter-drucker-became-the-father-of-modern-management

Peter Drucker is known as the "Father of Management" because of his efforts in the field of corporate management. Drucker helped many businesses in modernizing their management systems. Drucker also taught in business schools and his theories are still being studied in many MBA programs as well as in corporate leadership seminars.

Peter Drucker is best known for his work in business management. He is often revered as the person who modernized corporate management. Drucker consulted for many large corporations to help advise on their management style and published many works explaining his management theory.

Notable Ancients Who Predated Drucker

Two thousand years ago, Xenophon wrote books on management and leadership. Before becoming a writer, he was a junior Athenian officer elected as their leader to bring 10,000 Greek warriors hundreds of miles over harsh terrain out of Persia - all while under almost constant attack from hostile tribes after their commanders had been disarmed and killed by subterfuge.

Xenophon's feat resulted in a model for successful withdrawal still studied by military leaders. Later, Xenophon wrote many books including one Drucker called "the first systematic study of leadership." Although few recognize it, Xenophon also created what is known and popularized today as "servant leadership."

The Babylonian King Hammurabi developed a management code consisting of a compilation of 282 laws that regulated conduct in a wide variety of business dealings, behavior, punishments, interpersonal relations and more.

Another Babylonian King, Nebuchadnezzar, developed the concept of incentives to promote productivity. Neither was recognized for their management contributions, though what they did greatly affected both the ancient world and modern developments.

In China, the Philosopher General Sun Tzu developed subdivisions and rankings of authority, represented by colors to facilitate control and coordination, and boost morale. He did this 2000 years before Max Weber developed his theory of bureaucracy.

Drucker's Typical Ways of Helping Organizations

Drucker thought of himself as a scientist, even if he didn't use the word in a self-description. He called any business for which he consulted, his "laboratory." If he wasn't wearing a white coat, his imagery might have encouraged your mind to dress him in one anyway.

He thought management a serious science, with analysis of numbers only a single part. Much as Hippocrates developed an oath that medical doctors still swear their allegiance by, in modern times Drucker challenged managers to ascribe to certain basics.

For example, he insisted on integrity and social responsibility as requirements of good leadership. Whereas other experts wrote that leaders should have integrity and should demonstrate social responsibility, Drucker said that for successful leadership, a leader must have integrity and must demonstrate social responsibility. And he berated those past, present and future that failed to do this.

His professional mindset explains a lot. Since Drucker thought of himself as a scientist, he didn't covet great wealth. He required only that his clients donate to a foundation he founded. Some he didn't charge at all.

He lived in a modest home in Claremont, California. He drove a relatively inexpensive car. He mowed his own lawn with a mechanical mower. He didn't wear $1,000 suits or expensive watches, and his shoes were not high fashion.

Drucker :-: Consulting Client

The manner in which Drucker provided his consulting was frequently uncomfortable. One client described it this way:

"We had been accustomed to hiring consultants. We told them what we wanted and defined a specified problem. They then went off and returned after a time with mounds of data and reports, and made formal recommendations. We were instructed exactly what we were to do and they answered any questions we might have. Drucker, did none of that...

He would begin with asking us questions about the problem we wanted solved. We were expected to answer these at the first meeting. In the process we had to think through the problem and this alone frequently generated potential solutions which we would have otherwise overlooked."

Drucker said that his clients were the real experts, and understood the issue far better than he.

The Chinese philanthropist, businessman, and now Canadian citizen, Minglo Shao, visited Drucker in his home frequently and would ask for advice on management issues. Drucker responded by asking him questions.

Discussing Drucker's questions opened new insights which helped him find good solutions. Drucker never charged him or told him how to do anything. This collaboration led to Drucker allowing Minglo to use the Drucker name in establishing his management schools based on Drucker's principles throughout China.

The Most Difficult Process: Thinking

Although Drucker was aware of the use of the many innovative methodologies developed by others for analyzing business situations and developing strategies, he made almost no use of them. Instead, he emphasized thinking through every situation on its own.

He didn't teach, the well-known "portfolio analyses" with their quadrants of cash cows, shooting stars, problem children or dogs as developed by the Boston Consulting Group (BCG) or the GE/McKinsey nine cell version, or any another version of management or business strategy by rote methods.

Drucker's Use of "Breakthrough" Formulae or Systems

Drucker was aware of new systems and theories being promoted, but he was extremely cautious in applying them without thinking through each situation individually as to whether it made sense to employ any system in a particular case.

When organizations adopted participatory management based on Douglas McGregor's research and his book describing Theory X verses Theory Y in the early 1960s, Drucker pointed out that McGregor had noted that his Theory Y management, with significant participation of the managed, was an alternative to the more directive style practiced almost exclusively at the time.

Drucker revealed what almost all adopters of Theory Y missed: that McGregor himself had written that his intent was to describe an alternative management style which might give better results under certain circumstances, and that research should be accomplished to uncover exactly what these circumstances were - not that participatory management was the universal answer in all situations. Sometimes it makes sense for a manager to simply direct subordinates to take certain actions.

Although Drucker's association and study of Japanese management methods was extensive, and his clients in Japan were quick to adopt Drucker's ideas, he didn't instantly jump on the bandwagon of "Japanese Management" or recommend it when it was introduced in the U.S. in the early 1980s.

He pointed out that conditions and traditions in Japan were different, and copying their exact application was unlikely to work in the U.S. Like *Fortune Magazine,* he was highly suspicious of what it had termed "management by fad" in an article written about that time.

Liberal Arts More Important Than Numbers Alone

Drucker insisted on measurement of all results, but the results were to be considered only inputs. He avoided decision making by numbers whereby the decision was made by simply inputting certain data considered crucial into a software program, turning on a computer and having the instructions on a strategy appear as if by magic.

He pointed out that although one could gather situational data on thousands of businesses, even the weather in each case, the information was invariably insufficient.

Designing software based on your extensive data, you could input data unique to the situation and be able to predict the project results with some high percentage of accuracy, say 92.5 percent. He probably agreed with the young Captain James T. Kirk of TV's Star Trek fame.

Faced with an intentionally unsolvable academic problem as a student at Star Fleet Academy, Cadet Kirk confounded his instructors by solving it. The future Captain Kirk had "solved the problem" by entering the computer lab at night and reprogramming the computer.

Drucker Recommended Management as a Liberal Art

Drucker maintained that computer-generated answers were inferior to the human brain thinking through the issue and integrating available information, personal experience, knowledge and the of availability of those who would be the ones doing the planning and implementation.

He noted that personal knowledge or instinct of one vital factor might well be decisive and that a computer might never pick it up. He reminded us that though a certain program might give accurate outcome results 92.5 percent of the time, that meant for

the other 7.5 per cent of the time the results were 100% inaccurate. He recommended rapid decisions after considering all the information that could be obtained within the time available.

Drucker died in 2005, yet his ideas are still studied in universities worldwide and most are practiced internationally. However, these always seemed based on uncomplicated basics:

- Asking and answering the important questions of yourself and others
- Thinking, rather than depending on formulae
- Practicing the ethics and integrity of doing the harder right rather than the easier wrong
- Practicing social responsibility
- Being where the action is

These constitute the Drucker Difference.

Drucker's theory of management and the origins of CSR

Corporate social responsibility is a type of business self-regulation to be socially accountable and contribute to the well-being of communities and society as a whole. Small businesses can implement CSR in a variety of ways, including being environmentally conscious; establishing a comprehensive diversity, equity and inclusion policy in the workplace; treating employees with respect; introducing volunteering and charitable initiatives; and ensuring ethical business decisions.

While embracing CSR has become the modern standard for ethical and progressive companies, the concept's origin goes way back. Howard Bowen, an American economist, might be credited with connecting the responsibility of corporations to society in his 1953 book *Social Responsibilities of the Businessman*, but it was Drucker who introduced CSR as an integral part of business strategy and management.

In his books, Drucker outlined several aspects of CSR that need to be acknowledged and integrated by people-centered companies to be successful.

Applying the Drucker theory of management to SMBs

Small business owners and managers can take several key lessons from Drucker's theory of management:

"Delegate power equitably"

While it might be tempting to take on all the "important" tasks as a manager, knowing how to delegate responsibility can empower your team and awaken their own

sense of responsibility. To achieve the best results, your employees need to feel valued and know that their opinions matter.

When workers are treated as equals, they're more confident and motivated in their work, which benefits the company as much as it benefits them. Talk to each employee as though their role is as necessary as yours (because it is), and remind them that they have a say in the organization.

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Kindly visit the following Web Pages for additional INFO !

01] https://www.torontosom.ca/blog/a-profile-of-peter-f-drucker-father-of-modern-management#:~:text=Peter%20Drucker%20is%20known%20as,requiring%20specialized%20knowledge%20and%20skills.

02] https://www.corporatelearningnetwork.com/leadership/columns/how-peter-drucker-became-the-father-of-modern-management

03] https://study.com/academy/lesson/peter-f-drucker-father-of-management-theory.html

04] https://www.businessnewsdaily.com/10634-peter-drucker-management-theory.html

05] https://mybeta.ca/profile-of-peter-f-drucker-the-father-of-modern-management/

06] https://thinkers50.com/blog/relevance-peter-druckers-management-philosophy-todays-world/

07] https://www.linkedin.com/pulse/lessons-i-learned-from-father-modern-management-peter-goldsmith

08] https://www.econbiz.de/Record/the-peter-f-drucker-reader-selected-articles-from-the-father-of-modern-management-thinking-drucker-peter/10011550385

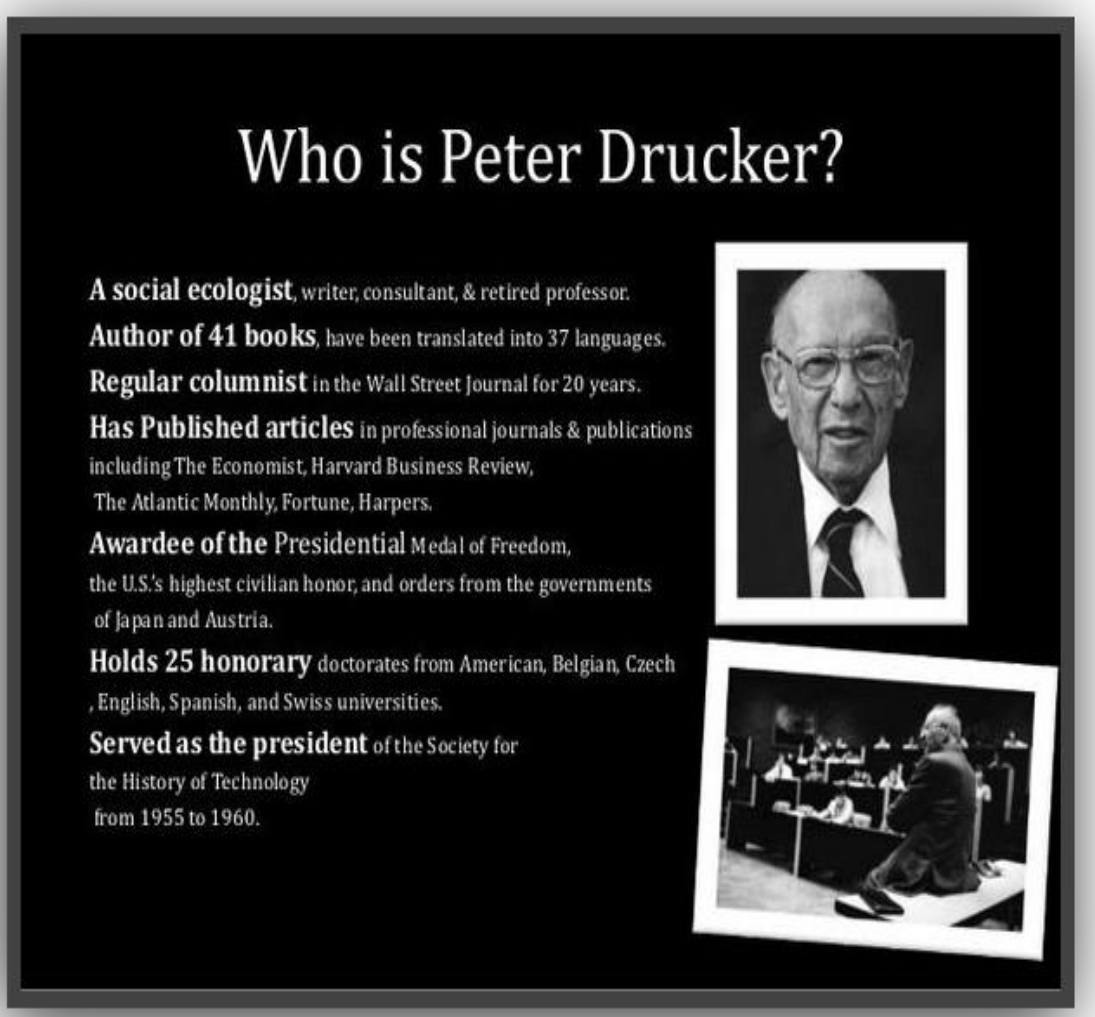
09] https://www.biblio.com/book/peter-f-drucker-reader-selected-articles/d/1573953602

10] https://www.simplilearn.com/principles-of-management-by-henri-fayol-article

Tributes

to

Peter Ducker


Who is Peter Drucker?
A social ecologist, writer, consultant, & retired professor.
Author of 41 books, have been translated into 37 languages.
Regular columnist in the Wall Street Journal for 20 years.
Has Published articles in professional journals & publications including The Economist, Harvard Business Review, The Atlantic Monthly, Fortune, Harpers.
Awardee of the Presidential Medal of Freedom, the U.S.'s highest civilian honor, and orders from the governments of Japan and Austria.
Holds 25 honorary doctorates from American, Belgian, Czech , English, Spanish, and Swiss universities.
Served as the president of the Society for the History of Technology from 1955 to 1960.

A TRIBUTE TO PETER F. DRUCKER

Elizabeth Haas Edersheim

https://www.druckerforum.org/fileadmin/user_upload/PD_biography/articles/articles_pdf_files/a_tribute_to_peter_drucker.pdf

We did not leave our homes, our families, and our routines to come to California on this spring weekend to enjoy the sun. We came to say thank you. Thank you to Peter Ferdinand Drucker. He asked us to think, to play to our strengths, to do what is right. In turn, he helped each of us clarify our ambition and elevate our expectations of ourselves. He helped us embark on journeys that took us to places we never thought we'd see. That is why we are here.

Peter F. Drucker advised everyone from Henry Luce to A.G. Lafley, Margaret Thatcher to Vicente Fox. He made Andy Grove think; he made Winston Churchill think in new and often radical ways. "Peter Drucker is a guiding light to a whole lot of us," Grove once said. "When I see an article of his I drop everything else and read it on the spot." Decades earlier, Churchill went so far as to say that the amazing thing about Drucker was his ability to start our minds along a stimulating line of thought.

But it wasn't just the big names in business and world affairs who appealed to Drucker. When he reflected on his work, he was more likely to talk about advising entrepreneurs who worked out of borrowed office space. No one influenced as many managers as Peter F. Drucker, and those I've spoken to all say the same thing: "He was talking to me… He wrote it for me… He changed my life." There's something else. He cared intensely about people. Drucker's clients and colleagues inevitably add these four words: "He knew my kids."

Changing lives was a Drucker specialty. I conducted interviews with six dozen people whose lives he influenced. For five-and-a-half decades, they all agreed, no one at NYU or Claremont College was more gracious than Peter to doctoral candidates. He always peppered them with questions that made them rethink their careers, their values, their lives.

One of the most poignant conversations was with Tony Bonaparte, who met the Druckers while he was a graduate student at NYU. He recalled the way Peter and Doris took him under their wings. Over dinner at restaurants in Greenwich Village, Peter prodded him to think about the entire trajectory of his career, not just the next couple of steps. "He wanted to make sure that I was going to be successful," Bonaparte recalled. "He would sit with me and always ask questions to make sure that I was pushing a little harder. He made sure I always was stretching just a little further. He would not let me do anything but succeed. And if it weren't for him I wouldn't be where I am today." Today, by the way, Bonaparte is special assistant to the president at St. John's University. ELIZABETH HAAS EDERSHEIM A TRIBUTE TO PETER F. DRUCKER 2

Not long ago, I spoke to Jack Welch about how Drucker helped him hone in on issues paramount to his leadership success at GE. Welch put it this way: "He persistently asked me a couple of questions that I had to keep asking myself to be successful:

- If you weren't in this business today, would you invest in it? And if not, what are you going to do about it? This led to our being number one or two in every business we were in and our reinventing ourselves every three years – critical to our success.
- Is this important to your organization? If not, find somebody for whom this is the front-line and let them do it." It wasn't coincidence, Welch said, that soon after that he started working with information and programming teams in India. And he did it "twenty years before anyone else."

Peter managed to be as gentle as a schoolteacher and as demanding as a drill sergeant. Jim Collins, author of Good to Great, remembers dropping Peter off at his home after a lunch in 1984: "Thank you very much for your thoughts, and I hope I can live up to your standards." Collins said. Drucker slammed his hand on the seat. "I can still feel the car vibrating," Collins recalled. "He looked at me and said, 'No. Your standards.'"

Now, more than twenty years later, Collins gives Drucker the highest praise: "Influence and power are two dimensions by which to consider leadership", he says. "Zero power and large influence are a fundamental measure of a great leader, whereas power alone only creates management authority, not leadership. Peter Drucker had an immense ability to move and influence people without exercising power.

"The other key attribute of leadership is whether you have ambition ultimately for the cause, for the work beyond yourself, for the mission." And that, of course, was quintessential Drucker – he was interested in the work beyond himself. "I believe," Collins concluded, "he is a role model." And what a role model he was, in so many ways to so many people.

Even in 2005 at age 95, in what would be the last year of his life, Drucker continued to influence business and economic thinking and practice in many countries in totally different stages of development. His 51 year-old classic, The Practice of Management, was the number four business book in Brazil. That year, The Age of Discontinuity, first published 36 years earlier, was number eight in Korea. The Essential Drucker, at six years old a mere fledgling, was number eleven in Japan. And, The Daily Drucker, published in 2005 (with Joe Maciariello), was number 11 on the Wall Street Journal's bestseller list. By the way, that was his thirty-seventh business book – and along the way he found time to write two novels, as well. As his grandson, points out, Peter also carved out free time to read "encyclopedias, biographies, histories and the entire literary corpus of western civilization (several times over)." And his interest in the Oriental paintings led him to develop a sideline as a professor of Japanese art.

These statistics are just an indicator of his influence. No one shaped and inspired management around the world like Peter Drucker. Given the fast-moving nature of business, it's safe to say no one ever will again.

Peter was passionate about the need for good management. He believed that business was the economic engine of democracy. His childhood in pre- WWII Austria convinced

him that efficient, ethical industries could keep dictators of the right and the left in check. And if businesses drove democracy, he felt, non-profit organizations were the engine to fulfilment. They, too, deserved top-notch management. He was proud of the way he helped the ranks of the Salvation Army and the Girl Scouts of America manage themselves like great organizations.

Peter instinctively recognized that management's most important capability is to take uncertainty out of the future. Certainly, the importance of this management capability is amplified given the new realities of the 21st century, many of which are upending longstanding business conventions. As a social ecologist, Drucker was fascinated by the human aspect of management. He had uncanny insights into people – so much so that one CEO after another talks of being "liberated" by Peter.

Peter F. Drucker defined the discipline of management; and then he re-defined the discipline of management. He created a vocabulary that we, and millions of others, are using today. In Peter's own words, he "knows that business is not only abstract laws and economic forces, but, above all, people striving for accomplishment."
More than words, his most enduring contribution is in the ability to help all of us past, present, and future management do what is right. He did this by pushing us not just to analyze, but to act. "So," he would ask in that accent that still harked back to pre-war Vienna, "What are you going to do about it?"

All of us who knew Peter knew the important part that didn't come through in the books, the lectures, the awards. And that was Peter the person, the devoted husband, the loving father of four and grandfather of six. When we think of Peter, we think of Doris and their sixty-eight-year marriage, with its nonstop playfulness. That probably began back when Peter was courting Doris in London. One day, Doris' mother stopped by – she was one of the rare people who was not a Drucker fan – and Peter hid in the coal cellar.

Years later, Doris took advantage of Peter's fanatical interest in everything around him. She recently told the story of the time she planted a fake mushroom in their yard. Peter studied it, dissected it, researched it – and in defeat he admitted that he couldn't identify this strange fungus. Doris was about the only person around who could leave Peter speechless. Peter liked to say that it was Doris who dubbed him an "insultant," rather than a consultant. Probably, but Peter liked it so much that he kept describing himself that way.

The best way we can thank Peter Ferdinand Drucker is to follow his example – step up, look outside, ask questions, test ideas against history, and encourage others to do what needs to be done. And to do it with a strong moral compass. That is our great opportunity. I can think of no better way to conclude than to borrow from Peter's words to capture how we feel about his ongoing contributions. In a tribute to someone else, Peter wrote that he was "shrewd and practical, but convinced at the same time that values matter and that expedient decisions are wrong decisions and will not work." He was, Peter continued, "dedicated to business as a major human sphere and as a mighty servant of man, yet fully conscious of the difficulties the businesspeople face every day." Peter added this: "Because he believes in business, he demands and expects much from the businessman." In Peter's spirit, let us all ask ourselves questions the way Peter constantly

asked questions of those around him. Here are two questions that Peter would approve of: First, what are we going to demand from ourselves to make this a better world? And second, how are we going to make sure that business is run on the same principles that we teach our children?

ATTACHMENT 1 - ILLUSTRATIVE DRUCKER DECLARATIONS

Drucker's declarations have withstood the test of time. He objected to being characterized as a visionary or a seer. Yet he painted uncannily accurate pictures of the future thanks to his ability to anticipate the consequence of things that had already happened. Consider a few examples of many:

* In 1927, while attending the Editorial Conference of the Central European Economic and Social Weekly, he was asked what he feared the most. "I am afraid of Hitler," he responded. Others laughed at him because Hitler had just suffered a resounding defeat.

* In 1942, he wrote that institutions (not nations, states, or other geographically defined entities) were the most important communities and that market stakeholders would become as critical as nation stakeholders. (Today, market stakeholders may have even superceded nation stakeholders. Of the one hundred largest economic entities in the world today, 44 are countries and 56 are companies.)

* In 1947, he wrote that "management is leadership." For the past 15 years, no single topic has received more attention in the management world than leadership. Frances Hesselbein is a frequent speaker in her role as Chairperson of the Board of Governors of the Leader to Leader Institute. "I always include a quote from Peter Drucker," she notes. "Inevitably, that is the high point of my speech. When I leave, it is the Drucker quote that people remember."

* In 1950, he wrote that the demographic issue of concern would be the accelerating shift to an aging majority in the United States and other developed Western nations, not excess population growth. Consider the past year's Social Security discussion, and consider the debate about what to do with aging baby boomers.

* In 1954, Peter told his publisher that, "management needs strategy." His publisher responded that "strategy" was a term for war, not business – and it would repel readers. By 1975, the topic of strategy dominated the top management writings in journals and books.

* In 1960, he warned of a problem created by professional fund managers running pension funds and taking responsibility for building employee equity because of conflicting interests and hostile takeovers. Ownership by employees would, Drucker said, inevitably encourage hostile takeovers and financial looting at the expense of long-term economic health. The prediction came true in the flood of hostile takeovers 20 years later in 1980, and in the need for Social Security reform today.

* In 1985, Peter told Walter Wriston, chairman of Citigroup, that the Berlin Wall would fall. Wriston said that he would have dismissed the prediction if it came from anyone but Peter Drucker. In 1989, when the Wall came down, Drucker smiled and said, "I didn't

know it would happen so soon." In a conversation in 1986, Drucker said that the Soviet Union would collapse. Henry Kissinger responded, "You are wrong." When Gorbachev delivered the speech dissolving the Soviet Union in 1991, Drucker was again prescient when he warned, "Now we have to be concerned about their resources and economics."

*In 1988, Drucker told Bill Donaldson, "When the economy turns down there will be a wide outbreak of bitterness for the corporate chieftains who pay themselves millions and paint themselves as heroes." In 1990, when most of business was still figuring out the implications of that Berlin Wall crumbling, Drucker wrote that communities of companies would be critical to business survival in the transnational world. We are now clearly, and sometimes painfully, in a globally networked world.

* In 1992, Drucker wrote, there is no longer a "Western" history or a "Western" civilization. There is only world history and world civilization. In 1996, Drucker commented on the Internet boom, "It is not the access to information that is important. It is how organizations, business, and every horizon will change as a consequence that will matter." We are now experiencing the reality of his statement.

ATTACHMENT 2: HISTORICAL CONTEXT

Vienna 1909

In the early 20th century, Vienna was the prosperous capital of the dual monarchy of the Austro-Hungarian Empire and home to many of the world's foremost musicians, artists, authors, philosophers, and scientists. In that city, in this remarkable era, Gustav Mahler, Johann Strauss, and Anton Bruckner were composing music being performed by orchestras in the greatest concert halls and opera houses in the world. Peter Drucker was born in this imperial capital in 1909, a year after Kaiser Franz Josef's 60th Jubilee. His Vienna was continuing to flourish while the rest of the empire was beginning to crumble. After nearly 800 years of continuous Hapsburg rule, ethnic tensions were on the rise, with people from the Balkans to Bohemia clamoring for self-determination and Germanic groups calling for closer ties with Germany. Within the governing structure of the constitutional monarchy, reformers pushed for increasing democracy and market improvements. All the while, the future of the Austro-Hungarian Empire was regarded as clouded by the prospect that the arguably far less capable Archduke Ferdinand was in line to succeed the aging Kaiser. The Habsburg monarchy's fall from power after World War I and the ensuing years of chaos left Vienna and the old regime in a shambles and defined the world of Peter Drucker's youth.

Adolph Bertram Drucker (1876-1967)

The Druckers came to Austria from Holland, where the family had worked as printers (Drucker means "printer" in Dutch) primarily producing editions of the Koran that were sold on the black market in the Ottoman empire for considerable profit. After the family relocated to Vienna, Peter's great-grandfather continued as a printer, but his grandfather forged a new family profession as an Austrian civil servant in customs. Peter's father, Adolph Drucker, was the younger of two children and also entered the civil service, rising to the senior civil servant at the Austrian Ministry of Economics at an early age. A prominent liberal, Adolph retired from the civil service in 1923 in protest against the

government's increasing deference to the Roman Catholic Church. He taught at the Schwarzwald School and later became an international lawyer.

Adolph's prominence and status as Grandmaster of the Austrian Freemasons made him a particular target of the Nazi regime, and Peter's parents were singled out by the Nazi secret police when they entered Austria in 1938. Through a case of mistaken addresses on the part of the Nazis, Peter's parents evaded arrest and were able to flee Austria to Zurich and then the United States. In the United States, Adolph became a professor of International Economics 7 at the University of North Carolina before moving to a similar post at American University in Washington, D.C. and ultimately on to Berkeley to teach European literature at the University of California. Note: Peter and Doris had been in America for about a year before his parents joined them.

As reflected in the diversity of Adolph's professional positions, his intellectual interests were wide ranging. While still in government service in Austria, he participated in the founding of the Salzburg Festival (a major international musical event) and served for many years as the festival's chairman of the board. During Peter's childhood years, Adolph hosted weekly dinners at their house with guest lists that included eminent economists and lawyers as well as musicians, mathematicians, and philosophers; thereby exposing his son to a wide spectrum of ideas from a very young age.

Caroline Bond Drucker (1885-1954)

Peter's mother's family came from Prague and Vienna, and Peter's maternal grandfather (Ferdinand Bond) was a banker and one of the founders of the Anglo-Austrian bank (one of the major banks of the Austro-Hungarian Empire). He died in 1899 when Peter's mother was 14. Shortly thereafter, her mother, Olga Bond, had a long siege of illnesses including rheumatic fever, yet was always on the go. She was a strong, insightful woman whom Peter admired and wrote about in Adventures of a Bystander.

After graduation, Caroline went on to be one of the first women in Austria to study medicine, even attending lectures in psychiatry given by Sigmund Freud – yet another place where she was the only woman. As Peter relates, "she used to recount with some amusement how her presence embarrassed Freud in discussing sex and sexual problems."

Despite being an academic and social scientist like his father, Peter was always much closer to his mother. "I am very much her son. Where my father had principles, she had perception. Till the last years of her life, when she was very ill, we always understood each other without having to discuss anything." The confluence of their two personalities can easily be seen through the myriad of medical examples to be found in Peter's writing. From a very early age her weekly dinners for fellow professionals brought countless prestigious surgeons, psychologists, paediatricians, and even statisticians to the family table.

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Farewell

Peter Drucker: A Tribute to an Intellectual Giant

30 November 2005

Decades ago, Peter F. Drucker single-handedly began the exploration of what he called "the dark continent of management." That exploration, which gave birth to the field of management, came to an end on November 11 when Drucker passed away at age 95. Wharton professors point out that Drucker's most important contributions are grounded in his writings on management and marketing. Despite his death, his legacy and impact as a role model will last.

https://knowledge.wharton.upenn.edu/article/farewell-peter-drucker-a-tribute-to-an-intellectual-giant/

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Springer Link

A Tribute to Peter Drucker

Editors' Introduction to the Special Issue

Notes

1. A complete list of Drucker's major books is provided as an appendix in *Management: Revised Edition* (Drucker 2008, pp 537–549)

2. Drucker was influenced by the first articulation of the marketing concept in the *General Electric Annual Report*, New York: 1952, page 21.

https://link.springer.com/article/10.1007/s11747-008-0113-1

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https://rlaexp.com/studio/biz/conceptual_resources/authors/peter_drucker/tributes-le0106-p19-p20.pdf

Tributes to Peter F.Drucker

November 19, 1909–November 11, 2005.

Father of Management

by Geoffrey Colvin
Editor-at-large, *Fortune* magazine

When it came to Peter Drucker, the world suffered from Great Man Syndrome, but he did not. He was justly lauded and adored as the greatest management thinker and writer of all time, but he wasn't interested in that. Whenever I encountered him, as I did into his 90s, I found a man who was smiling, cheerful, and funny. His hearing and sight were fading, yet he wasn't old. I don't know how you get to be 95 without growing world-weary, but he did it.

He was fun to talk to on any subject. Since Drucker had been a journalist as a young man, he had license to be scathing at times, as he was when it came to management consultants who are low on substance but high on marketing pizzazz. He skewered both groups: "The reason reporters call these people *gurus* is that they're not sure how to spell 'charlatan.'"

Drucker simply didn't care about the conventional view on any management topic, and he disdained the modern vogue for exalting leadership, as distinct from paltry old management.

There were many things Drucker wanted no part of. Big universities, for instance. He scorned them all to remain at tiny Claremont College—payback, perhaps, for the scorn they'd heaped on him early in his career. Economists dismissed his work as cheap sociology. Sociologists had no use for business. And Drucker was dismissive of them all, becoming the undisputed father of management.

Drucker's career was so productive for so long—his first U.S. book was in 1939, his last *Harvard Business Review* article in 2004—that he ran the table on management topics. Think of virtually any "hot topic" and odds are that Drucker wrote about it with extraordinary perception, before 1970. He predicted the rise of the "knowledge worker" in 1959! There isn't any Nobel Prize in management thinking and writing. But it's just as well—because it would have been won every year by the same man—Peter Drucker.

An Extraordinary Teacher

by Michael G. Winston
VP of HR and Leadership, Countrywide

Peter F. Drucker was an extraordinary writer, teacher, and consultant with large corporations as well as with nonprofits, small and entrepreneurial companies, and with agencies of the U.S. government. He has also worked with the leaders of several nations and authored 31 books, which have been translated into more than 20 languages. Drucker was revered as the father of modern management for his work on innovation, entrepreneurship, and strategies for change.

Decades ahead of his time, Drucker correctly suggested that one of the highest priorities is to prepare people to deal with rapid, and often unpredictable, technological and marketplace changes. Rather than fearing change, he encouraged people to welcome it, embrace it, and to turn the ability to handle change into a competitive advantage. He created an unprecedented focus on human capital management, shaping the way people are managed and deployed. His work provides the blueprint for success.

A Simple and Humble Man

by Marshall Goldsmith
Executive coach and author

At one meeting of the Board of the Peter Drucker Foundation, I asked Peter, "You have written much about mission—what is *your* mission?"

He replied, "To help other people achieve their goals—assuming that they are not immoral or unethical!"

Along with his brilliance, he was a simple and humble man who wanted to help others achieve their goals. He not only taught me about management, he taught me about life. By his example, he showed me the importance of loving what you do—and communicating this enthusiasm.

He loved his wife, family, friends, work, and life. His zest for living was always there—even at the end. I visited with Peter shortly before his death. He took the time to have a lively discussion about the state of the world and the future we face. I was amazed at his sense of history, his deep insight, his passion, and his caring. Peter Drucker did not just teach by what he wrote—he taught by who he was.

He Did It Just For Us

by Frances Hesselbein
Chairwoman, the Leader to Leader Institute

When I first discovered *The Effective Executive* by Peter Drucker, I had no idea who he was, but his philosophy and vision were so right for the Girl Scouts that I thought, he wrote this book just for us.

There was a magic about Peter. He wrote and spoke to us in elegant, spare language that connected, inspired, moved us into the future. The vision he held before us embraces us; we make it our own. And we think, "He did it just for us."

Gone is the cold, austere command-and-control style of the old hierarchy. Alive and passionate are mission, values, people, accountability, and performance—the Drucker management philosophy. His work is found in 32 books. "The purpose of the organization is to create a customer," Peter wrote. And, "The business must be so managed as to make the public good become the private good of the enterprise."

We will remember Peter as long as we live in the world he made better. We will remind ourselves of his wisdom that was exactly right for our times, our work, our enterprises. We remember: Innovation creates a new dimension of performance.

We all share a new call—not just to keep his legacy alive but to carry his philosophy and works wherever we go in the future. Peter will illuminate our future as he illuminated our past.

He Taught Me Five Lessons

by L. Ara Norwood
Speaker and leadership consultant

I was fortunate to be a student of the late Peter Drucker. His passing has caused me to reflect on what he taught me. Here are five lessons:

1. Going from good to great isn't always adequate. The ideal is not to be *good* or *great* but to be *inspired*.

2. ***Unraveling the dichotomy between being a generalist versus being a specialist.*** Drucker taught me that it is possible—even preferable—to be both a generalist and a specialist. He made it a life-long habit of acquiring new knowledge in disparate areas of learning. Yet, his understanding of management as a formal discipline was unmatched.

3. ***We never really arrive.*** Drucker taught me that the journey is every bit as important as the destination, and that process is precious. He never felt his work on any subject was the last word. He always strived for clearer expression and better results.

4. ***Arrogance is anathema.*** I learned this lesson the hard way, through the submission of an assigned essay. After recovering from his reprimands, I approached my subject with greater humility, perspective, and openness.

5. ***The power of the pen.*** Drucker reminded me that the writing (and publishing) of ideas is to be taken seriously. He told me that the main difference between himself and the rest of us was that he was willing to lock himself up in his study daily and write. Then revise it again and again.

Peter Drucker will continue to inspire me as I revisit his writings.

A Man of Great Insight

by Bob Nelson
President of Nelson Motivation and author, *1001 Ways to Reward Employees*

PETER DRUCKER RECOGNIZED THAT dedicated people are the key to success and that "the productivity of work is not the responsibility of the worker, but of the manager."

I was fortunate to have known Peter since 1989 and was a student of his at The Peter F. Drucker Graduate School of Management at Claremont Graduate University, Pomona, Calif. "Leadership," he said, "is lifting a person's vision to higher sights, the raising of a person's performance to a higher standard, the building of a personality beyond its normal limitations."

Much can be said about his uncanny ability to cut to the core of things and make simple, provocative and well-supported insights. Management is doing things right; leadership is doing the right things."

Much less has been said of his effective teaching style. Dr. Drucker was from the classical style of teaching: He'd make a point, then launch into a lengthy discourse for 20 minutes drawing from many fields, until he had woven a tapestry of evidence and come full-circle to his original observation, convincing you along the way that his conclusion was, in fact, the truth..

"There is nothing so useless as doing efficiently that which should not be done at all," he said. After class, I used to drive him to his modest house. "The most important thing in communication is to hear what isn't being said," he said. "The best way to predict the future is to create it."

Incalculable Impact

by Cornelis A. de Kluyver
Dean of the Peter F. Drucker and Masatoshi Ito Graduate School of Management, Claremont Graduate University

PETER DRUCKER HAD AN INCALCULABLE impact on business. Until he came along, management was an incoherent collection of ideas. He organized it into a discipline that could be taught and practiced. I credit him for making management accessible to millions of people by giving structure to the classic ideas of leadership, by adapting the management to organizations, and by explaining how to teach it and apply it.

Sadly, you won't find a course on Peter Drucker in any major MBA program (only courses on management), and in their texts, Peter gets, at best, a footnote. But I see this omission as a testament to how central and accepted his ideas are. When you stop quoting someone, his ideas have become the accepted notion. That's what happened to Peter. Many of his breakthrough ideas are so common today that people don't even bother to ask who suggested them in the first place.

The Right Man for Our Times

by Tom Peters
Best-selling author and Chairman of Tom Peters Company

PETER DRUCKER DIDN'T "INVENT" management. The Chinese probably did thousands of years ago. Sun Tzu's roughly 2,500-year-old *The Art of War* is a full-blown "management" text. But Peter Drucker did arguably 1) "invent" modern management as we now think of it; 2) give the study and craft of management-as-profession credibility and visibility; and 3) provide a toolkit-framework for addressing and even mastering the problems of emergent enterprise complexity.

And he did something else: He popularized the study and appreciation of modern management. Doubtless Mr. Drucker would have been appalled to be described as a "popularizer"—after all, that was one of his abiding and biting criticisms of me. But the truth is that, though his consulting was carried out in the stratospheric confines of CEO-world, his books and articles were very comprehensible and accessible to all. In 1968, when at age 25 I left Vietnam, I read (devoured!) my first management text, Drucker's *The Effective Executive*—and was profoundly influenced.

Drucker wrote continuously on a variety of issues; he was a genuine polymath. His works—*The Concept of the Corporation*, *The Practice of Management*, and *The Effective Executive*—are the tracts that launched the "practice of management" as we know it to this day—and as we will know it for decades to come.

A True Leader

by Phil Harkins
President and CEO, Linkage, Inc.

FOR SEVERAL YEARS, PETER DRUCKER served as a faculty member at Linkage's Global Institute for Leadership Development (GILD). He delighted our audiences with his wisdom and always received a standing ovation. He would find the talisman tip that would get everyone to take notes so that they could say they heard from Peter Drucker himself. GILD will never be the same without him. However, we will always remember his words of wisdom and his spirit. The last time Peter spoke at GILD, he was 91 years old. We had arranged a car to take him and his wife, Doris, home afterward. As I walked him to the car, I saw Doris behind the wheel of their car. I said, "Peter, we have a car to take you home." He replied, "Thank you, but we don't want the neighbors to think I have to be driven around; we prefer to drive ourselves." Peter Drucker, a true thought leader, will be missed.

A Mentor of Stature

by Rick Warren
Minister of Saddleback Church and author of *The Purpose-Driven Life*

PETER DRUCKER TAUGHT ME ABOUT competence. I met him about 25 years ago. I was invited to a seminar of CEOs, and Peter was there. As a young man (I was about 25), I began to call him up, write him, go see him. Before his passing, I would sit at his feet regularly. He honed into me hundreds of one-liners and taught me that growth always comes from the outside—from people who are not now using your product, or listening to your message, or using your services. LE

Other Useful Web Links

01] https://www.linkedin.com/pulse/tribute-peter-ferdinand-drucker-effective-executive-siedlecki

02] https://www.cio.com/article/260563/it-organization-a-tribute-to-peter-drucker.html

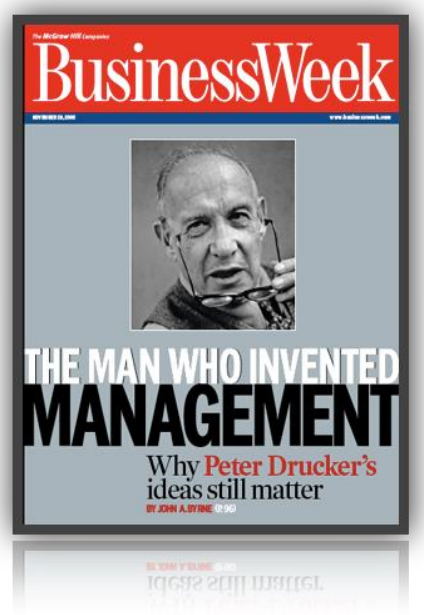
03] https://www.druckerforum.org/retrospective/2016/ druckersociety.at/index.php/peterdruckerhome/commentaries/ elizabeth-haas-edersheim.html

04] https://www.wisbusiness.com/2006/ceo-consulting-services-a-tribute-to-peter-f-drucker/

05] https://www.researchgate.net/publication/225139628_A_ tribute_to_Peter_Drucker_Editors'_introduction_to_the_ special_issue

06] https://guides.loc.gov/peter-drucker/introduction

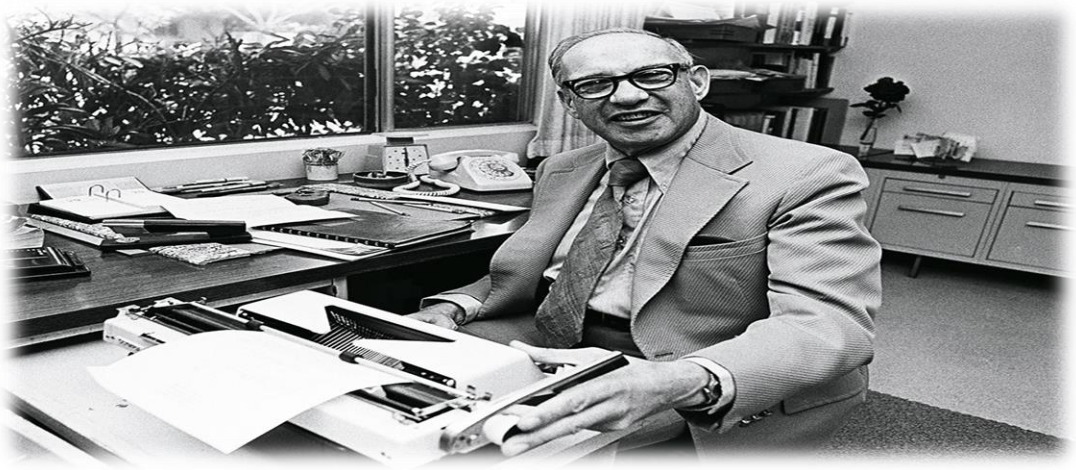
07] https://drucker.institute/news-post/peter-druckers-life-and-legacy/



Top FIVE Cases

Management theory is a default aspect of modern business, but this hasn't always been the case. From structure to philosophy, contemporary organisations owe a lot to one man.

Many policies in business and management are taken for granted, so much so that they have become seemingly obvious tactics for success. For example, although it is widely acknowledged that employees are an organisation's greatest asset, and that companies require a healthy balance of meeting short-term needs while aspiring to long-term goals, there was a time when such insights were not engrained in business rhetoric. Someone had to profess them, publish them and develop management as a discipline in the first place. That person was Peter Drucker.



Here some selected situations/challenges
[or case studies] are provided wherein
TOP 5 ways/tips/methods are used to
resolve the issues.

Resource:

https://www.europeanceo.com/business-and-management/a-history-of-peter-drucker-and-his-impact-on-management-theory/

Top 5 Ways:
to manage the board during turbulent times

The COVID-19 pandemic has brought an unprecedented number of challenges to CEOs of European organisations.

The pandemic has fundamentally challenged assumptions, business plans and our views of business risks, rewards and opportunities. The impact of a health crisis that threatens to become the worst economic depression since World War Two is making boards of corporate directors nervous.

Some boards are embracing the challenge while others are uncomfortable as their cosy pre-retirement plan of serving on boards has just become far riskier and demanding than they ever expected. The assumptions around risks are being challenged in unforeseen ways.

The really good boards with high performing CEOs and managers have trusted management. These boards have stayed out of operational issues; using the time and opportunity created by COVID to focus on strategy and risk while assisting their CEOs with wise counsel and support

Yet, even before COVID, PWC's 2018 **CEO Success Study** showed that "turnover among CEOs at the world's 2,500 largest companies soared to a record 17.5% in 2018." Now in a post-COVID world CEOs are under greater scrutiny than ever as boards grapple with gaining the best return for the risk being taken with the company's capital, and in a world of increased uncertainty, changed opportunities, disruptive events and new technology. Some businesses will thrive in the new world while some will not – boards need to have confidence that CEOs can understand, respond and lead in times of change.

It is crucial that CEOs build a strong and healthy relationship with their board so they can manage their board during turbulent times, to achieve alignment and success. In this article, European CEO outlines its top five tips to help CEOs gain the best from their board in these different times.

Create clear expectations

The relationship between the board and the CEO is based on trust and respect. Take the time to talk with the board to ensure that you and your board have the same expectations. What will success and good performance look like in these different times? Clarify assumptions and recognise that clear, mutually agreed expectations between board and CEO are a recipe for success just as assumption and guess work may lead to disaster.

Work on a 'no surprises' basis

Surprises should be reserved for infatuated lovers and children; they have no place in the boardroom let alone in an effective relationship between the board and the CEO. Work on a 'no surprises' basis with your board. Be accountable for working this way and hold your board accountable for reciprocating the trust.

Be willing to field and to ask the tough questions

In a world of change and disruption you must be able to challenge and be seen to challenge assumptions and ask the tough questions about the business, its strategy and performance. CEOs need to be the leading light and, if you as leader of the company aren't demonstrating leadership by asking those hard-hitting questions of the business, then fully expect the board to be asking them of you and questioning your leadership.

It's all about the people

Our initial response to the COVID crisis was around the safety of our staff, customers and stakeholders. The initial focus on physical wellbeing has broadened to address the negative impact that this crisis is having on the mental health and wellbeing of our people. The COVID crisis has shown that some CEOs are guiding lights while some are simply lights. Think about your people, the strength of your top team. Think about the need to generate confidence and credibility with the board that you and your team have the bench strength to win in a world of different opportunities. Businesses are generating and destroying trust with the way they respond to COVID and work with their people. Mistakes made at this time will sear the culture of organisations and trust in boards and CEOs. Trust, honesty and openness through clear and regular communication with your board is critical.

Don't waste a crisis

Necessity is the mother of invention. The need to move fast and break things in order to adapt and respond to a health and economic shock has heightened the pace of innovation. Successful CEOs have demonstrated a willingness to cut through inertia and make changes that will enable their businesses to move from survival to thriving in a different world. Think about what's working well and what is no longer working. Bring you board on the journey of the changes to people, processes, tools and technology that will enable your business to thrive under your leadership.

Top 5 Tips:
For a successful Joint Venture

A joint venture can be an effective way to share business risks during an economic downturn, while also injecting some entrepreneurial spirit into both companies. Here, European CEO outlines five top tips to making the marriage a happy one.

Joint ventures are relatively unusual in the corporate world. Often involving shared management teams and long, drawn-out negotiations, they can seem more trouble than they're worth.

But sometimes a new partnership can be the key to business innovation. Without NASA, Google wouldn't have been able to create Google Earth. And when Sony joined hands with Ericsson, together they created one of the best-known providers of mobile devices in the world.

A joint venture can be particularly advantageous during a downturn as an alternative to a merger or acquisition. In this arrangement, two partners share business ownership, returns and risks. This can make it an effective method for navigating an uncertain business environment while also bringing new skills and perspective into each organisation.

However, in order to unlock these benefits, it's crucial that businesses build a strong and healthy partnership. In this article, *European CEO* outlines its top five tips for a successful joint venture.

Shared objectives

The first thing a successful joint venture needs is shared objectives between the two parties. While this may sound easy to achieve, ensuring goal alignment is actually a part of the process that many companies neglect. According to research by McKinsey & Company, planners in a joint venture often spend less time discussing the structure and business model of the proposed entity than they do hashing out specific deal terms. Unless both parties are clear on the long-term goals of the alliance, there is sure to be conflict later down the line.

Due diligence

Joint ventures are time-consuming to set up. In fact, they can take longer to complete than even M&A negotiations. Business leaders should remind themselves of this when carrying out their due diligence; it's not a process either party should rush.

Because a joint venture involves the integration of different business units, it's crucial that each party knows what they're getting into ahead of time. Before committing to

a partner, businesses should take into account the other party's corporate culture and decision-making style, its history with joint ventures and its operational capacity.

The right management team

Strong leadership is needed in any organisation, but it's particularly important when two companies join hands. The different businesses should be careful to appoint highly effective leaders to deliver the new alliance's objectives. These individuals will be the bastions of the partnership; they should therefore be vocal in their commitment to it and skilled at motivating the newly combined teams. It also helps to allocate the responsibilities of these leaders quickly and clearly to ensure the smooth delivery of the new business plan.

Understanding the market

One of the reasons a firm may enter into a joint venture is to gain access to a new market. Sometimes a joint venture may therefore mean operating in an unfamiliar country or region. Businesses should spend as much time familiarising themselves with this new market as they do with their prospective partner and be aware of the risks that accompany it. In addition, companies should ask themselves if there is a new market that, through their joint venture, they might be able to explore.

Culture fit

When bringing two cultures together, conflict is inevitable, even if the due diligence process has suggested that they should be compatible. This conflict can present a major threat to the success of the joint venture, since disillusioned employees may be tempted to find jobs elsewhere.

Rather than letting the culture of one company dominate, the two parties should be ready to embrace their differences. Before implementing the deal, the business should have a clear grasp of the differences between each organisation as well as a detailed plan on how to address any problems that could emerge as a result.

Top 5 Ways:
Managers can support ethnic minority workers

With companies being urged to support the Black Lives Matter movement, here are five steps managers can take to improve the workplace for employees from ethnic minority backgrounds.

In 1986, Brent Staples described how he came to terms with the realisation that white people perceived him as "suspect". In his seminal essay, *Just Walk On By*, the writer

explained the alienation he felt on a daily basis while navigating white pedestrians' hostility towards him, and the meek persona he adopted to stay out of harm's way. "I chose, perhaps unconsciously," he wrote, "to remain a shadow—timid, but a survivor."

Staples' words are just as relevant today as they were in 1986. The killing of George Floyd by police officers in the US has prompted many people from ethnic minority backgrounds to reflect on the racism they experience in their day-to-day lives. Mark Mason, Chief Financial Officer at Citigroup and one of Wall Street's most senior black executives, wrote on the company's blog in late May that Floyd's killing was a reminder that black people are often denied the "basic privileges" that white people enjoy. "I'm talking about something as mundane as going for a jog," he said.

Racism, in any form, takes a significant toll on people's wellbeing and, inevitably, on their work as well. While many companies – from Apple to Lego to Saatchi & Saatchi – have responded to Floyd's death by proclaiming their support for Black Lives Matter, these statements can seem hollow when not backed up with action to make their workplaces more diverse and inclusive. Now more than ever, companies should ask themselves how they make their workplaces better for employees from ethnic minority backgrounds.

Take a stance

Many business leaders and managers probably assume that racism is not prevalent in their company. But their employees may tell a different story. The Twitter hashtag #BlackintheOffice, which was created to share stories of racism in the workplace, gives an insight into the covert and overt harassment that people from ethnic minority backgrounds can experience at work due to the colour of their skin.

Managers can't guarantee that similar stories aren't unfolding in their own teams. They should recognise the possibility of this in a company statement in which they also clarify that support is there for all employees. To give these statements more weight, managers should consider individually reaching out to non-white employees for their perspectives on how the company's culture could be improved.

Listen and act

Perhaps the most impactful thing a manager can do is simply listen to their employees. Those from minority backgrounds may have complaints they've been afraid to report or ideas for inclusivity they're worried will be ignored. It's important managers invite this feedback and take it on board.

Managers should also be aware that this process will take time. Erin L Thomas, Head of Diversity, Inclusion and Belonging at Upwork wrote on Twitter that "taking on too much" and spreading themselves too thin is a common mistake of companies trying to improve diversity and inclusion at work. "It took me three months to uncover the ins and outs of Upwork's Black employee experience," she wrote.

Create safe spaces

Many studies have confirmed the link between racism and psychological distress. An event like George Floyd's killing can be collectively traumatising for many members of the black community, triggering feelings of grief, anger and pain.

Safe spaces can help employees address these emotions with others who may be feeling the same way. Inevitability, workers may feel reluctant discussing emotional trauma with their direct line-manager. For this reason, managers should consider not participating in this discussion and leaving this up to non-white employees instead.

It is worth bearing in mind that every individual is different in terms of how much support they require. It might be worth offering counselling sessions for any employees who feel they need it.

Promote anti-racism

Supporters of the Black Lives Matter movement often state that simply being "not racist" is not good enough. Ibram X Kendi, author of *How to be an Antiracist*, distinguishes between a "not racist" and an "anti-racist" in the following way: "One either allows racial inequities to persevere, as a racist, or confronts racial inequities, as an anti-racist. There is no in-between safe space of "not racist."

For an organisation to be truly inclusive, white employees must be allies to people from ethnic minority backgrounds. It's important that managers provide their white employees with the resources necessary to understand how they can do this. A good first step might be setting up an expert-led discussion on what it takes to be actively anti-racist.

Set measurable goals

To create lasting change in response to the Black Lives Matter movement, those in management positions must make themselves more accountable for the progression of diversity and inclusion in the company. Some firms have taken particularly big steps to ensure this happens; one organisation in Ohio in the US links its top executives' annual bonuses to diversity goals. Other methods include publishing the company's diversity metrics and sharing how many underrepresented employees the organisation hires, as well as how many are promoted, in order to incentivise change.

No one gesture will serve as an appropriate response to this year's protest movement. But by taking repeated actions and measuring their progress, companies can make the changes needed to create a more supportive and inclusive workplace.

Top 5 Tips:
For going into business with your spouse

Divorcing a spouse who is also your business partner
could lead to serious financial consequences for both of you,
while impacting the business you share.

Nobody wants to think about divorce – it's a major life change, especially if you also have a business together. But the harsh reality is that 42 percent of marriages break down, which makes divorce a very common, albeit unpleasant, process. It's therefore important to take the necessary steps to divorce-proof your business at the outset if you are planning to build a company with your spouse.

In the past decade, more couples than ever before have made the decision to go into business together, with many failing to anticipate that their marriage may not work out. By becoming 'couple-preneurs' (couples going into business together), married partnerships face greater risks, as they could experience the emotional pain of losing their relationship at the same time as damaging the business both parties have put hard work into.

Hence, couples entering a business together should consider the possibility of a divorce in the future, and take all the necessary steps to protect themselves and their business interests. Many fail to do so and, when the marriage breaks down, often engage in bitter fights and petty behaviour, such as preventing the business from being sold or raising cash to buy the other partner out of the company.

With this in mind, here are some must do's for couples starting a business together:

Build a strong marital foundation first

Going into business is never rosy, and doing it with your spouse can either enhance your marriage or be an unfolding nightmare, as you spend 24/7 together with no separation between your private life and the running of your business. It is highly stressful, often leaving you feeling exhausted with little time and energy left over for each other.

Building a strong marriage foundation that can withstand these pressures is vital so this balance can be maintained. The future success of your marriage and business often depends on maintaining a healthy and harmonious relationship in the home and in the business.

A strong marriage means taking the time to step back and identify what's working well and what issues are holding you both back, so you can move forward together.

Develop healthy communication skills

Running a business is demanding – you are constantly dealing with problems and moving parts – therefore the communication you have with each other must be regular, honest, proactive, open and productive. While doing this, don't avoid difficult conversations about areas where you are likely to come into conflict, such as control, boundaries, decision-making and disagreements.

Learning to be comfortable and respectful in disagreement is essential; you won't agree on everything, so be sure to develop and master effective conflict resolution with one another. Identify problems and then actively listen to your partner's opinions, which will allow you to compromise and resolve issues together. A great tool is making it a habit once a day to check in with each other. This provides an opportunity to keep up to date on each other's progress and align your current priorities and expectations.

Legalise your business arrangement

To provide clarity, certainty and peace of mind, it is wise to put all the details of your business partnership into writing and create a business agreement. Creating a shareholder agreement or a partnership agreement will protect your business interests and shareholdings in the event of a future divorce. Agreements should include each party's respective capital and asset contributions to the business, vision, role expectations, objectives, distribution of profits, rewards, exit strategies (if one chooses to leave early), resolution of business disputes and how business finances will be distributed in death, dissolution or divorce. It should also include restrictive clauses preventing you or your spouse from taking clients, sharing confidential information or setting up a new business as a direct competitor.

These agreements are also important documents for overcoming issues of trust and control in your business. Many entrepreneurs struggle trusting their spouse to fulfil responsibilities in the way they see fit. Also, founder partners can find it difficult to relinquish power to the other, and trust can be totally destroyed when one partner is betrayed. Written agreements can manage and resolve uncertainties and establishes where both of you stand in the business.

Separate your personal and business finances

Most spouses share everything, including their finances. However, it is advisable not to do so when running a business together. As tempting as it may be to pay for the company's first phone on your personal credit card, this should be avoided, as it can complicate your tax affairs and make untangling the financial mess even worse if you later end up in the divorce courts and have to separate your culpability from one another.

It is an absolute necessity to maintain accurate records – if you don't treat your personal and business finances as separate entities, the law won't either.

Draw up a pre or postnuptial agreement

Entered into before or during a marriage, these contracts address how marital assets, including business shareholding and assets, can be ringfenced and divided on divorce. Such agreements are not codified by any legislation, so there is no guarantee of their application or protection they offer. However, a well-drafted prenuptial or postnuptial agreement that follow the necessary legal guidelines are highly recommended, as they provide some certainty while keeping costs and legal disagreements to a minimum upon divorce.

It's never easy thinking about the worst-case scenario or broaching the subject of a divorce when in a happy relationship, but it is always wise to cover all bases given there is no certainty of a successful marriage or business relationship. Remember, failure to prepare can often be preparing to fail.

Top 5 Ways:
To survive a recession

If a recession were to suddenly strike, many companies would find themselves unprepared for the difficult times ahead. European CEO explores what companies need to do to not only weather the storm, but to emerge on the other side stronger than before.

According to prolific investor Sir John Templeton, the four most expensive words in the English language are: "This time, it's different." It is perhaps ingrained within human nature to assume that negative events will not repeat themselves – nowhere can this attitude have graver outcomes than when it comes to estimating the risk of recession.

Since the beginning of 2019, the outlook for the global economy has taken a dark turn. Geopolitical tensions are high, and the inversion of the bond yield curve in May – regarded as a key indicator of economic slowdown – has caused many analysts to worry that a recession could strike much sooner than expected, perhaps even within the next few years.

Of course, this is by no means guaranteed. Federal Reserve Bank of New York President John Williams issued a reminder that the bond yield curve is an indicator, not an oracle. Nonetheless, market fluctuations are simply a fact of life and, as the 2008 financial crisis demonstrated, many businesses lack the resilience to withstand a sudden economic collapse.

Surviving a recession – and thriving afterwards – all depends on a company's ability to establish healthy business practices and sustain them even in times of hardship. *European CEO* has assembled the top five strategies that can help recession-proof a business.

Early preparation

According to a study by Bain & Company, the key to enjoying success in a recession is to act as early as possible. Bain found that companies that reduced their costs early on in the recession cycle typically emerged from the downturn with a higher EBITDA than those who reduced costs at a later point. For example, in the early stages of the 2008 financial crisis, Costco slimmed its product variety and bought in bulk from fewer suppliers, thereby slashing operating costs and streamlining its supply chain. It was ultimately one of the companies to come out of the recession more successful than it had been before the crash.

Decentralised hierarchy

One might expect that companies with a top-heavy hierarchy would be better placed to navigate a recession – after all, difficult decisions are inevitable in times of adversity and strong leaders are usually best placed to make these. However, a 2017 study found that decentralised companies actually had the edge when it came to withstanding economic shocks. There is a logical reason for this: when decision-making is dispersed throughout the organisation, companies can adapt more quickly to changing conditions. This also ensures that those knowledgeable about specific areas of the business, as well as the more senior executives, are voicing their expertise.

Financial discipline

Businesses that aggressively cut costs during an economic downturn aren't necessarily guaranteeing their survival, according to Bain's study. In fact, companies that do so could end up downsizing themselves out of existence. That said, it is important for organisations to develop a habit of curtailing running costs where possible.

One of the key elements of surviving a recession is having access to working capital. Although it may seem counterintuitive, Bain recommends using booms to reduce debt and downturns to accrue it. With more capital freed up, in the event of a crash, businesses can then make the investments needed to ensure their sustained success.

The right resources

Determining which resources are worth keeping is crucial; the same is true of retaining talent. The right team members can prove instrumental in building resilience in an organisation. For example, researchers analysing how the airline industry responded to the September 11 attacks in 2001 found that airlines that retained staff actually recovered more successfully, whereas companies with high volumes of layoffs suffered. With this in mind, ahead of a recession, focusing on adequate training and fostering a happy, productive workforce can prove a great asset.

Investing in tech resources can also build resilience. Technology helps employers automate processes and lower their operating costs. In the event of a downturn, the right tech can boost efficiency and give companies a competitive edge.

Investing in the future

In the event of an economic crash, the temptation is to go into survival mode. But in order to truly thrive, businesses must focus on the long term. The Boston Consulting Group found that companies that planned for the long term performed better during the period from 2007 to 2009, achieving higher annual growth points than those with mostly short-term aims.

During a recession, companies should therefore resist discounting or accepting sales that ultimately eat into profit. Instead, they should look to expand geographically, acquire other companies for a much lower price than usual, or find innovative product offerings that could address new demands in the changing market. Even in times of hardship, opportunities will inevitably present themselves.

Top 5 Tips:
For avoiding the 'conference vortex'

Conferences can be overwhelming: they're loud, bright, full of new faces and punctuated by advertisers jostling for your attention. Without a clear plan of action, professionals risk wasting an invaluable opportunity to learn and develop.

As we head into another busy summer season of conferences, summits, festivals and roundtables, many professionals will invest a considerable amount of time and money in specialist events that boost their knowledge, networks and enthusiasm.

But while conferences can be a brilliant way of broadening one's horizons, establishing professional connections and plugging into exciting new innovations, they can also assault the senses and leave attendees feeling overwhelmed. In such an environment, it can be difficult to retain ideas and newly established contacts, rendering the exercise a complete waste of time.

This is what I call a 'conference vortex' – the point at which your brain, having been filled with great ideas, is emptied once you leave the event. Fortunately, there are a number of ways to counter this detrimental vortex and make the most of the conferences you attend.

Establish outcome goals

Start by asking yourself some important questions about why you are attending this specific event, what you hope to achieve, who you want to meet and which tells you believe are simply unmissable. You may want to rank potential outcomes using a gold, silver and bronze-based system.

A successful event strategy usually focuses on a single theme. Using this theme as a starting point, devise a timetable and a rough order of priorities regarding which talks, people and products you want to experience. By focusing on a clear goal, you can cut out the distractions and make the most of your time.

If it's a networking opportunity, determine whom you want to meet, how you intend to connect with them, where you might find them, what you would discuss and when the best time would be to make that all-important first impression.

Create a pyramid of thoughts

When planning your day, a pyramid of thoughts can be a logical and outcome-focused way of identifying priorities and tactics. Start with your overarching objective and be as specific as possible to make the next stage easier. Then summarise that objective in a single sentence – it might be about a new technology, a new skill or a very specific question.

Next, map out the surrounding issues and questions that feed into the main objective, matching these with specific talks, speakers and exhibitors. The better the plan you write down, the more likely you are to get the most from the conference.

Make a memory back-up

In psychology, the natural fading of memory is called 'decay theory'. Put simply, every time we create a new memory, a 'memory trace' is created; unless we find ways to categorise and log these memories, it becomes harder to retrieve them. This is why notes are an important back-up.

Writing notes – and the way in which we take notes – is an underappreciated art form. It's highly personal and depends on your learning style and personality type. Whether you're a frantic scribbler or an obsessive for carefully colour-coded notes, make sure you keep writing. When you've taken great notes, you will find that you don't even need to read them in order to remember the idea you were recording.

You can also take pictures of slides, draw diagrams, ask for the presentation after the session or share notes with colleagues. Find what works for you, but don't rely solely on your memory. Another useful tip is to make notes on the back of business cards to jog your memory.

Incorporate breaks

Conferences can be an assault on the senses. We are already exposed to thousands of advertising messages every day, and conferences are even busier, so it's important to take frequent breaks. Fresh air, a quick sit down and a cup of tea will allow you to absorb and reflect on what you have just learnt. It's similar to revising for an exam: the breaks you take between studying can be just as important as the revision itself.

Try not to allow yourself to get overwhelmed to the point where you leave the event without getting the information you came for. If you're at a conference for a few days, building exercise into your morning or evening routine will help your brain to process and manage all that new information.

Share your experiences

Most companies are simply unable to send everyone to events – from a cost and resource perspective, even free conferences are expensive – so sharing your experiences with others can be invaluable. In fact, sharing what you've learned isn't just beneficial to your colleagues: it's a good way to learn yourself, too.

By reiterating your ideas through notes, preparing your thoughts in advance and delivering them either in writing or verbally, you're replicating the same learning process as a group project or presentation at school. That's why Amazon hosts Brown Bags – lunchtime talks in which an attendee will share what they learnt at a conference and explore how it can be related to others in the room.

Similarly, you may find creating a podcast or blog post helps you connect to an even wider audience, allowing you to share your learning and build greater thought leadership.

Top 5 Ways:
To build psychological safety in the workplace

It is more important than ever for businesses
to be able to implement procedures and policies that
encourage a safe and healthy working milieu for all employees.

The average working adult spends roughly 35 to 40 hours a week in the workplace, adding up to over 2,000 hours per year. As such a substantial feature of our lives, it is crucial that people feel happy and safe within their workplace environment. Yet new research of 1,000 employees in global organisations by The Oxford Group, a City & Guilds Group business, shows that for the majority, this is not currently the case.

While nearly all respondents (94 percent) said they consider psychological safety to be important, citing productivity, accuracy and staff retention as the results of feeling psychologically safe, only 10 percent of businesses treat it as a priority. Shockingly, the study revealed that over half (52 percent) of employees in organisations worldwide have encountered workplace bullying and felt psychologically unsafe at work.

It is now paramount that businesses implement policies that facilitate a healthy working environment for all employees: one that helps reduce the risk of occurrences of workplace bullying. We've outlined our top five measures that businesses can take to start tackling the widespread challenge of creating a safe environment for staff at all levels.

Defining psychological safety and employee wellbeing

Psychological safety and employee wellbeing are important terms, which need to be fully understood by every person in a business to be effective. They can often come with certain biases and understanding that is different for each individual and company, so it is clear that there is not one formula available that fits all. It is, therefore, a challenge for business leaders to understand and define what psychological safety is across the workplace and to cultivate a trusting, safe, and engaged culture tailored to the employees' needs.

It is important that, at the end of the day, people feel supported to work to the best of their ability and feel comfortable enough to speak up on issues. Once psychological safety has been established and senior management teams are made accountable for its prioritisation, approaches and ideologies can be passed onto the rest of the business to create a safe working environment.

Agreeing how to approach workplace issues with all employees

For previous victims of workplace bullying, one of the most difficult aspects is knowing who to approach to deal with the problem. Is it the HR team, direct managers, or senior leaders? The lack of clarity between who to report issues to can lead to a continuation of bullying and people suffering in silence.

City & Guilds Group's research details a disconnect between which department is accountable for escalating or consoling issues. Almost half (43 percent) of senior management expect HR to deal with the psychological safety of employees at work, while employees (56 percent) believe it should be the responsibility of line managers and senior management.

It is essential that all employees, regardless of level, are aware of the official channels to take when they have a workplace issue that needs addressing. By establishing this across the business from the outset, workplace issues can be dealt with far more seamlessly.

Improving workplace wellbeing processes

Many businesses overlook the impact of workplace environments until an issue has grown so far it cannot be ignored. Our research revealed one in five firms would take action to improve mental safety if a serious situation arose, while 22 percent of senior management would interfere if high-profile press incidents occurred.

As tempting as it might be to adopt a 'wait and see' approach, it is not practical in the fast-paced, digital, working environment we're in. Increasingly, issues to psychological safety have escalated at lightening quick pace, with well-known incidents, like #MeToo, being only the tip of the iceberg.

To improve workplace environments, there are simple, pre-emptive steps to take. Employee feedback forms for managers and employees can determine improvement

areas, while flexi and remote working can encourage greater employee satisfaction levels. Adopting anonymous whistleblowing practices can reduce the fear of backlash, preventing individuals from reporting bullying or unsafe environments.

Curating a culture that promotes learning, rather than finger pointing

Blame and finger pointing can stem from a number of reasons, mainly pessimism in the workplace. Our study shows that the majority of negative feelings stems from either feeling overwhelmed or inadequate, to arguments in the workplace. In the short-term, these can cause tension and conflict between those involved. If left unchecked, this resentment can fester and significantly affect working relations between colleagues, increasing the likelihood of further tension and disputes.

It is important that employees are aware of how to address problems in a manner that is constructive, rather than personal. Businesses and business leaders can advocate a culture of learning, team mentality, and self-improvement within a workplace. This means that when mistakes inevitably happen, employees are not scolded but are encouraged not to make the same mistake again.

Revamp old policies

Email and internal messenger services provide quick ways for employees to communicate and collaborate but they also have their limitations.

Our research showed that 63 percent of business leaders have claimed these mediums and social media, have made it difficult to manage the psychological safety of employees. Workers are left more anxious, and stressed, both in and out of the workplace.

Verbal and non-verbal communication play a huge part in communication. We're first and foremost human, and technology can often remove that element. People on the receiving end can interpret innocent, quick messages as cold or rude, which can impact their psychological safety in the workplace.

Embracing technology is essential for businesses, yet firms must revamp policies to manage welfare that is fit for this digital age. One-to-one meetings are important to familiarise employees with each other but when face-to-face meeting aren't possible, businesses need to be willing to adopt virtual meeting capabilities.

Top 5 Ways:
To prepare your workforce for the AI revolution

AI has hit the mainstream over the past year, with organisations looking to tackle the widespread skills and productivity issues that are threatening their future growth. Employees must be kept in the loop about such changes if they are to embrace automation

AI, when used in a knowledge worker environment to deliver intelligent automation, enables businesses to automate a range of workplace processes in a fast, effective and secure way. As a result, organisations are redefining how work is resourced across their operations, based on the relative strengths and capabilities of human and digital labour.

This hybrid human-AI workforce enables businesses to be more agile when responding to disruption and changing regulations, allowing them to pursue new opportunities that would be impossible with a traditional approach to resourcing.

But it's important to remember that the introduction of AI is about more than processes and technology. There is a significant 'people' element to AI and automation, not just for the staff who are seeing parts of their job become automated, but also across the workforce in terms of the skills, mindset and cultural behaviours required to make AI and automation a success.

Here, we outline five tips to prepare a workforce for the introduction of AI and to ensure a smooth, harmonious transition to a hybrid resourcing model.

Remove the fear by proving the benefits

Often, the biggest challenge with the introduction of AI is getting sceptical staff to see the benefits when so much of the narrative around automation remains highly emotive, fed by media reports that automation will lead to millions of jobs being replaced by machines.

Of course, there will be some job displacement in the future, but there will also be enormous job creation. Most industries will witness a whole range of strategic, high-value jobs being created in place of more tactical, lower-paid, back-office roles.

Organisations need to tackle any internal resistance to automation head-on by highlighting the benefits AI can deliver to employees themselves, as well as to the business. It's about demonstrating how AI can remove the burden of mundane and repetitive administrative tasks and free employees up to focus on more creative and fulfilling work, learn new skills and enjoy a more varied career.

Be transparent and inclusive

You'd have to be living under a rock to be unaware that AI and automation are set to transform the world of work over the next 10 to 20 years. Yet, very few organisations are currently communicating with their employees about this shift in any meaningful way – this needs to change.

We've seen some wonderful examples of organisations that have educated staff about the benefits of a digital workforce in a creative way. Some have run competitions among staff to name their virtual co-workers, while others have had initiatives asking people from across the workforce to nominate the mundane and laborious tasks (the ones they really don't want to spend time on) that would be ripe for AI and automation to replace.

These sorts of initiatives are good because they get the entire workforce thinking about how AI and automation could benefit them personally. As a result, they become invested in the journey to a hybrid workforce and comfortable with the idea of working alongside AI.

Focus on learning

The majority of us will see our roles and the types of work we undertake alter as AI is deployed more widely within organisations. This means we need to develop new skills that support and complement the contribution of AI and digital labour. Much has been written about the need for more digital skills within European workforces, but human workers will also need to display greater creativity, objectivity and agility to maximise the benefits of AI and drive their organisations forward. The World Economic Forum predicts that the average worker will need an extra 101 days of learning by 2022 to prepare for the introduction of AI.

In a fluid labour market, people simply aren't prepared to spend time in unfulfilling roles. Instead, they demand stimulating work and expect employers to equip them with the most up-to-date skills. AI provides a platform for employers to develop a more attractive brand that differentiates it from the competition.

Create automation champions

It's important that businesses ensure each department has its own 'automation champions' who can help their peers get to grips with automation technology and work effectively alongside machine employees. These individuals also have a crucial role to play in identifying a pipeline of processes that can be evaluated for automation on an ongoing basis

After all, it's the people working on the front line within each department who are best placed to identify high-volume mundane tasks or process bottlenecks that are ripe for automation, rather than senior executives or the automation team.

Establish a culture of automation

The ultimate goal for organisations is to instil a positive culture of automation within the workforce, where people are proactively looking to automate some of their work to free up their capacity and feel comfortable handing over tasks to AI and virtual workers.

Such a culture can be achieved over time by communicating a steady stream of positive news about how the company's virtual workers are helping individuals, teams and the organisation as a whole to be more successful. While it is critical that everyone understands the wider context of AI (faster processes, reduced costs, better customer experiences), more personal stories are often overlooked. Employers should encourage workers to share their experiences of working with AI and how it has impacted their morale, motivation and career prospects.

We talk about AI and the virtual workforce empowering people to maximise their full potential. It may seem counterintuitive, but the best AI and intelligent automation programmes are essentially about people, about how they can be best deployed to add value to the business and how organisations can achieve more with the same headcount. That's why AI must always start and end with people.

Top 5 Tips:
For recruiting Millennials

With those born between 1981 and 1996 expected to represent 50 percent of the global workforce by 2020, it is becoming increasingly important to tailor recruitment processes to Millennials' needs.

Although Millennials are the minority demographic in many western countries – and overall, in Europe, due to the EU's ageing population – the need for a recruitment strategy that caters to individuals born between 1981 and 1996 is becoming increasingly apparent. As well as offering new perspectives and fresh ideas, this demographic is young enough to be moulded with the right training and, as such, can add great value to any business.

But in order to tap into this vital talent pool, companies must adapt, creating work environments that are forward-thinking, sustainable and pleasant places to operate in. Put simply, as more Millennials enter the workplace, companies will need to work harder to accommodate their needs. Here, we list five top tips for recruiting and retaining Millennials.

Create online job listings

Our research shows that searching online job boards such as Indeed and Monster is the most popular job-hunting approach among Millennials – in fact, 65 percent

described online job boards as the predominant tactic they deploy when seeking employment. Searching on Google, meanwhile, came a close second, with around 52 percent of Millennials favouring this method.

With this in mind, it's important to ensure that online job listings are well optimised for Google Search and feature on all prominent job boards. This will give you the best chance of attracting skilled Millennial candidates.

Be upfront about salary

A lack of transparency regarding pay was found to be a major factor in sabotaging the recruitment process, with almost 60 percent of Millennial candidates indicating they would like more clarity on remuneration prior to interview.

Refusal to provide information about pay can critically impact a candidate's relationship with your business. This is due to the fact that withholding information about the candidate's future salary demonstrates a lack of consideration for their financial commitments and aspirations.

Millennials also prioritise work-life balance. As recruitment is often a time-consuming process, it is important to ensure you're not wasting a candidate's time, as this will leave them with a negative perception of your company.

With Millennials more likely to pass over job listings that do not disclose pay, it's vital that companies ensure they are upfront about remuneration. If the salary for the role is variable and reflects experience, provide upper and lower parameters to give candidates an idea of what they can expect.

Invest time and energy into the interview process

Our surveys show that Millennial candidates prefer interviews to be more comprehensive than previous generations. As such, there are several key elements to include in your interview process to make it Millennial friendly.

These include introducing candidates to the people they will be working with, showing them around the office and their workspace, and offering flexibility around the interview itself – for instance, you could conduct a remote interview for the initial meeting.

Provide feedback

One of the main complaints Millennials cite during the recruitment process is a failure to provide feedback on unsuccessful job interviews. Some have even speculated that this lack of feedback in the recruitment process has increased the frequency of 'employer ghosting' – a phenomenon in which workers leave their jobs without giving notice.

A failure to give feedback indicates a lack of care and personalisation in the interview process, which, in turn, leads to a lack of commitment and emotional investment from the candidate. When conducting interviews, always provide unsuccessful applicants with feedback on their performance. Don't risk tarnishing their view of your company by failing to do so.

Create a Millennial-friendly work environment

According to research published by the London School of Business and Finance, 66 percent of Millennials are dissatisfied with their current jobs and want to change careers. Many cite workplace culture and environment as key contributing factors.

A study by Deloitte, meanwhile, found that 71 percent of French Millennials felt family was the most important thing in life. In order to cater to this belief, a workplace should implement flexible working hours to allow employees to navigate hectic family schedules with greater ease.

Millennials are also increasingly prioritising office culture, with many seeking out biophilic office designs that improve productivity, creativity and mental health. With this in mind, it is vital that businesses provide an environment that not only attracts Millennials, but helps retain them, too.

Consider moving away from a traditional open-plan office design, prioritise flexibility within the workspace and maximise sunlight in order to maintain a Millennial-friendly atmosphere.

Top 5 Ways:
To maximise new parents' work-life balance with technology

Companies must ensure they are making the most of the latest technology to allow their employees to balance work and parenting responsibilities effectively.

New parents can experience huge amounts of pressure when they return to work after taking parental leave. They may need to catch up with missed projects, feel they have to prove themselves against colleagues who haven't just had a child, and fit their working patterns around such a monumental life change.

What's more, many parents find it hard to switch off from work and dedicate time to their child during parental leave, or find it difficult to deal with the loss of a routine. These challenges can negatively impact employees' mental health and make them more likely to seek work outside of their company.

In an age where workers are increasingly concerned about issues such as mental health and equality, it is important that business leaders do all they can to create a

supportive environment for new parents. Fortunately, there are a number of ways in which companies can harness technological developments to help employees strike a balance between work and parenting.

Embrace flexible working

Putting flexible working policies in place across the team or organisation, and working with new parents on an individual basis to create flexible working plans, can help employees feel more supported when returning to work. Organisations can also take advantage of new online tools to ensure employees can work from any location and at any time.

To do so, companies should provide employees with access to devices that are set up with adequate communication and collaboration tools to help nurture a team environment that encourages members to work away from the office. This means new parents can transition from everyday parenting tasks to work tasks efficiently and easily, and that all workers at a company are aware that the team can be contacted remotely.

Implement shared calendars

Clearly setting out times when individuals are not available to be contacted is another way in which businesses can make new parents feel comfortable and valued in the workplace.

These times need to be communicated to all team members in order for next points of contact to be openly decided upon and implemented effectively. This way, all team members are aware of the status quo and there are contingency plans in place when individuals are absent or away from the office, minimising the chances of any miscommunication or confusion.

Communicating these times and logistics can involve putting a shared calendar in place, so that all employees are aware of one another's schedules, as well as their commitments outside of the workplace.

Set up regular checkpoints

By setting out pre-agreed checkpoints with new parents and their teams or line managers, companies can help to ensure all employees feel connected and aware of recent or important work developments.

Tools such as Trello or Monday can be used at the start of the working week to manage projects and allocate tasks among team members. By organising the team's workload in this way, those working remotely can remain up-to-date with all aspects of any projects they're involved in and manage their schedules accordingly.

Team-based instant messaging apps are also ideal for one-to-one catch-ups or team conversations, enabling workers to preserve consistent lines of communication.

Use sharing tools

Other business communications tools can help employees to better connect with teammates when working away from the office. Web-based file sharing solutions such as Google Drive, Dropbox and WeTransfer allow workers to access and share documents when working remotely, and can help to increase efficiency during collaborative projects.

Web conferencing platforms that provide screen-sharing solutions, meanwhile, allow all participants in a conference call to view and share materials, giving everyone involved a more accurate understanding of the discussions taking place.

Make the most of your meetings

Simply discussing a piece of work over the phone is often not enough, especially if other members of the team are set to be involved and the conversation could benefit from the pooling of ideas. Setting up a conference call in which all members of the team can contribute, even those working away from the office for childcare reasons, allows participants to share and view materials. Webcasting tools such as Webinar are perfect for creating channels of communication between large, disparately located groups.

The many technologies available to businesses mean leaders are able to improve working cultures and move towards a more inclusive workplace. If these are taken advantage of effectively, companies can ensure new parents do not find it difficult to balance their family lives with career commitments.

Most importantly, parents will be able to return to work feeling confident that they will be well supported and will continue to enjoy a better work-life balance moving forward.

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BOOKS

By

Peter Drucker

1. The End Of Economic Man; A Study Of The New Totalitarianism

2. The Future of Industrial Man—1942—1939

3. Concept of the Corporation—1946

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16. People and Performance: The Best of Peter Drucker on Management—1977

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19. Song of the Brush: Japanese Painting from the Sanso Collection—1979

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21. Toward the Next Economics and Other Essays—1981

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24. The Temptation to Do Good—1984 (fiction)

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27. The New Realities: in Government and Politics, in Economics and Business, in Society and World View—1989

28. Managing the Nonprofit

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29. Managing for the Future—1992

30. The Ecological Vision—1993

31. The Post-Capitalist Society—1993

32. Managing in a Time of Great Change—1995

33. Drucker on Asia: A Dialogue between Peter Drucker and Isao Nakauchi—1997

34. Peter Drucker on the Profession of Management—1998

35. Management Challenges for the 21st Century—1999

36. The Essential Drucker—2001

37. Managing in the Next Society—2002

38. A Functioning Society—2002

39. The Daily Drucker—2004

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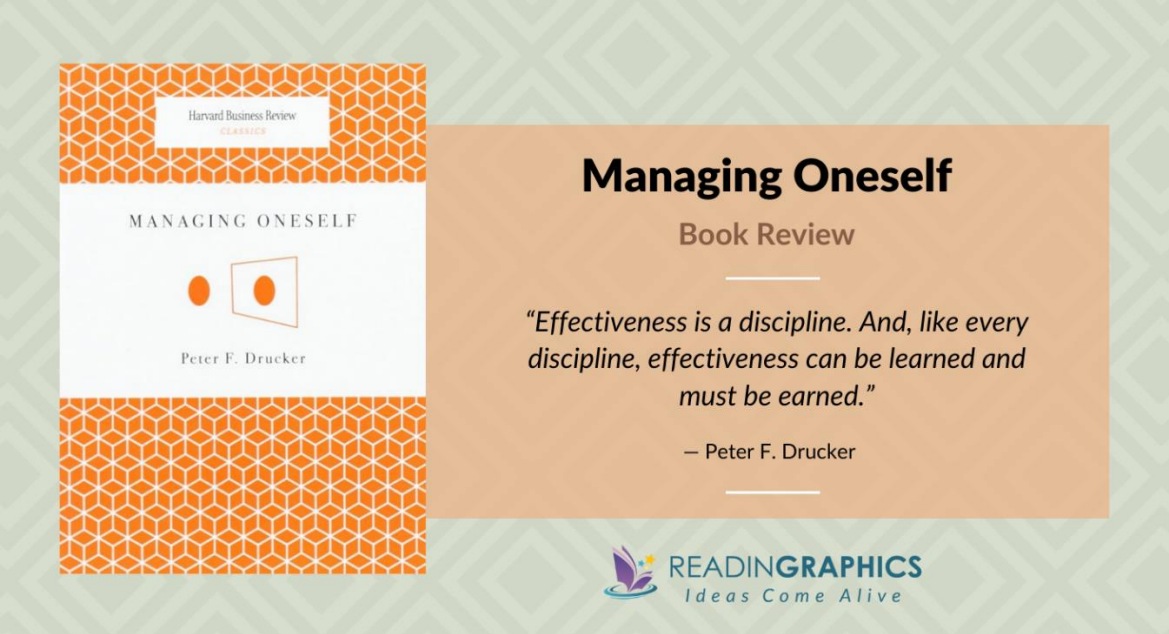
SOME SELECTED BOOKS REVIEWED BELOW

Managing Oneself

[Book Review]

https://readingraphics.com/book-summary-review-managing-oneself-peter-drucker/



Managing Oneself by Peter Drucker started out as a concise yet insightful article about personal development and self-management. Originally published by Harvard Business Review, the article garnered so much acclaim and significance that it was made available as a standalone book.

This book is super-short in length, but packed with wisdom. Its key insights are also integrated as a chapter in another of Drucker's books, Management Challenges for the 21st Century (more details below).

In today's fast-paced world, where traditional career paths are becoming obsolete, the onus is on individuals to carve out their own paths to success. Peter Drucker, often hailed as the father of modern management, tackles this challenge head-on in this classic piece, empowering readers to understand and shape their professional trajectory. In this book review, we'll give short summary of Managing Oneself followed by some observations, suggested actions and recommended books/resources.

To manage yourself and stay productive throughout your career, there are basically 5 strategic questions that one must answer:

5 Questions for Managing Oneself
READINGRAPHICS
Ideas Come Alive
What are my unique strengths?
Where do I belong?
What should my contribution be?
How can I take relationship responsibility?
What I will do with the second half of my life?

Discovering One's Strengths

At the core of *Managing Oneself* is Drucker's argument that understanding one's strengths is crucial. He emphasizes that it's only by building on these strengths that one can achieve true excellence. One useful technique is feedback analysis, where you write down expectations and then revisit them after the fact. Imagine you've set a goal to complete a project in 2 weeks. With feedback analysis, you'd write this prediction down, then review your prediction after the project is completed–did you finish it early, late, or right on time?

Knowing How You Work

Do you process information best by reading or listening? Drucker highlights the importance of understanding your learning style. By recognizing how you work and learn, you can adapt your environment and tasks to align with your natural inclinations.

Values and Principles

Drucker also emphasizes the importance of understanding your core values, in order to ensure they align with your work. This is crucial not just for personal satisfaction, but also for effectiveness in one's profession.

Where Do You Belong?

Have you ever felt like a square peg in a round hole at a job? Not everyone is cut out for every role or organization. Drucker encourages readers to understand where they can make the most significant impact and seek those opportunities out.

Contribution to the Larger Whole

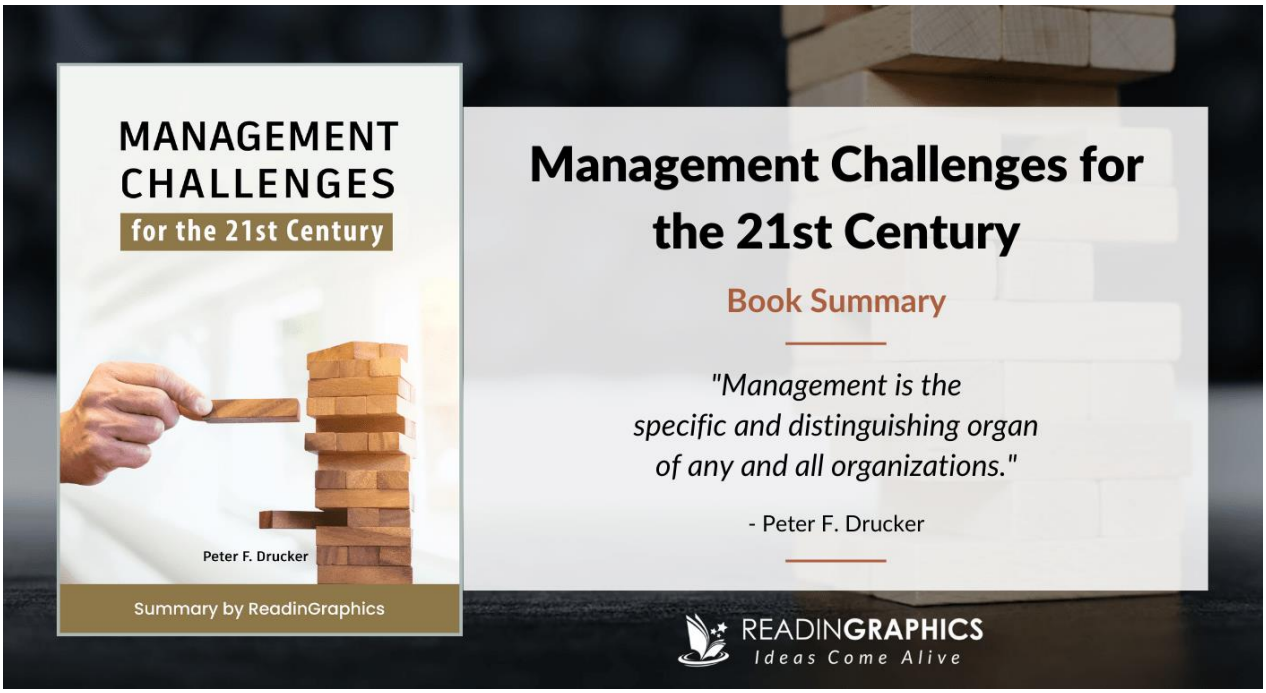
The final piece of the puzzle, according to Drucker, is determining your contributions. He urges readers to ask themselves: What can I contribute to the organization's mission, and how can I effectively deliver that contribution?

Management Challenges

for the 21st Century

[Book Review]

https://readingraphics.com/book-summary-management-challenges-for-the-21st-century/



This book was published in 1999, just before the turn of the millennium. Peter Drucker highlighted major social, economic and political changes for the 21st century and the challenges for organizations, governments and individuals. Today, many of these changes are already upon us, making it all the more important to consider what you and your organization would do to convert the challenges into opportunities. In this free version of the *Management Challenges for the 21st Century* summary, we'll give a quick overview of the 6 key challenges for managers.

The 6 Management Challenges for the 21st Century

1. Fundamental Paradigm Shifts

Paradigms are basic assumptions about reality. They shape what we define as "fact" and how we see the world. The 21st century brings new social, economic and demographic realities that're in conflict with the old ways of thinking and acting. To succeed in this new world, we must update 7 key assumptions:

PARADIGM SHIFTS IN THE 21ST CENTURY

READINGRAPHICS Ideas Come Alive

Old assumptions	New assumptions in the 21st Century
Management = Business Management	Management principles apply to all organizations.
There is (or should be) 1 right organization structure.	Organization is a tool; find one that fits the task.
There is (or should be) 1 right way to manage people.	Don't manage people; lead them to improve their performance.
Technologies, markets and end-users are fixed/given.	Technologies, users and information crisscross across industries.
Management's scope is legally defined.	Management's scope is operationally defined.
National boundaries define your economic boundaries.	National boundaries are a constraint but don't define your economic boundaries.
Management is internally-focused.	Management involves everything that affects the organization's results.

In short, management is essential in *any* type of organization, be it a church, school or business. Managers play a vital role in organizing their teams/resources to suit the task at hand, bringing out the best in each person, and figuring out how to create the greatest customer value across the entire economic value chain (regardless of geographical boundaries). Management is ultimately responsible for *everything* that affects the organization's performance, regardless of whether they're internal/external, within or beyond the organization's control.

2. Build Sound Strategies based on 5 Certainties

Sound strategies allow an organization to leverage relevant opportunities. Despite the changes around us, there are 5 certainties that you should build your strategies upon:

- **Birthrates** in developed countries will continue to fall. The labor pool will shrink, its median age will increase, and there'll be pressures for more migrant workers. Organizations must find ways to attract & tap on a new pool of older knowledge workers who work part-time instead of retiring fully.
- Don't just focus on revenues or market share. Focus on your share of **customers' disposable income** (and if it's increasing/decreasing). This shows if you're in a growth, mature or declining industry to direct your strategy.
- In developed countries, large portions of public-listed corporations are now owned by pension/mutual funds investing people's retirement funds. This calls for a **new definition of performance** and long-term shareholder interests.

- It's no longer enough to rely on low costs or government subsidies/protection. For long-term survival, organizations must be **competitive globally**.
- The gap between economic **globalization and local/regional protection** will widen. Organizations should make decisions based on global economic competitiveness, not local/ political considerations.

3. The 4 Requirements of a Change Leader

You can't avoid, predict or manage change. You can only try to stay ahead of it and influence the outcomes. During times of upheaval, the best way to survive change is to lead it with 4 ingredients:

- Institute **policies to shape the future**, including the use of "organized abandonment" and "organized improvement" to keep directing your resources to the top opportunities.
- Use **systematic innovation** by regularly scanning the environment, and proactively converting changes to opportunities to innovate.
- Use **piloting** to introduce changes, since breakthrough ideas and solutions can't be validated through conventional market research or modelling.
- Balance between the need for **change vs continuity** (or stability).

4. Addressing the New Information Challenges

For 50 years, the information revolution focused on gathering, storing and presenting data. Computers have already transformed how we operate or perform our tasks. The new Information Revolution in the 21st century will shift from the "T" to the "I" in "IT". It will no longer be about technology or systems, but how we interpret, organize and use information make better decisions, manage risks and create value.
In our full *Management Challenges for the 21st Century* summary, we'll elaborate more on: (i) the type of information required by (i) organizations vs individuals, and (ii) how to create the most value from information.

5. The Challenge of Knowledge Worker Productivity

In the 20th century, management's critical focus was on improving manual workers' productivity using production equipment. In the 21st century, the focus is on maximizing the productivity of knowledge work and knowledge workers.
This is an important chapter that explains the differences in achieving productivity for manual work vs knowledge work. Basically, it's more complex to improve knowledge-worker productivity. You need **6 key factors**, most of which are the opposite of what's required for manual work: Defining the task clearly, taking responsibility for results, continuous innovation, learning/teaching on the job, defining/measuring quality and treating knowledge workers as capital assets (not costs).

6. The Challenge of Managing Oneself

Knowledge workers can have productive careers of ≥50 years. To manage your career, one must answer 5 key sets of questions.

5 QUESTIONS FOR MANAGING ONESELF
READINGRAPHICS
Ideas Come Alive
What are my unique strengths?
Where do I belong?
What should my contribution be?
How can I take relationship responsibility?
What will I do with the second half of my life?

- **What are my unique strengths?** Use Feedback Analysis to learn your strengths, how you perform, and what your values are.
- **Where do I belong?** Identify the right opportunities that fit your unique strengths, personality and values.
- **What should my contribution be?** Consider what the situation requires, how you can make the biggest contribution and the results that'd make a difference.
- **How can I take relationship responsibility?** Take responsibility for building relationships and alliances that add value to the organization.
- **What will I do with the second half of my life?** Knowledge workers can expect 2-3 careers in their lifetime. Find your second career by moving to a different environment, starting a parallel career, or becoming a social entrepreneur.

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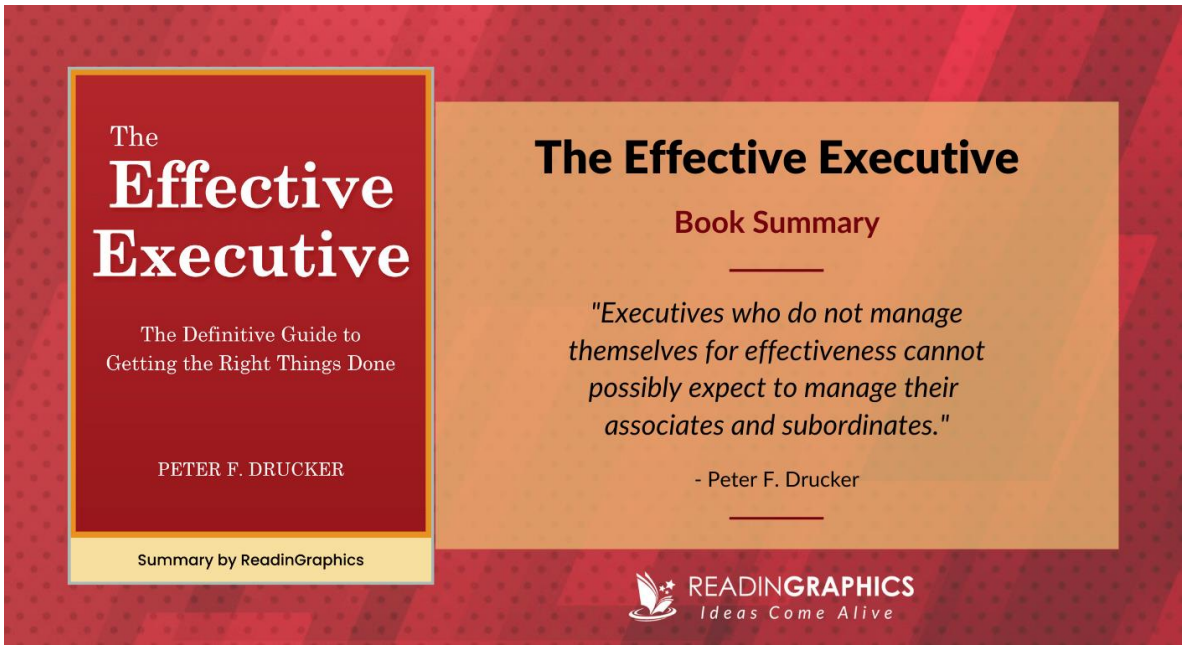
The Effective Executive

[Book Review]

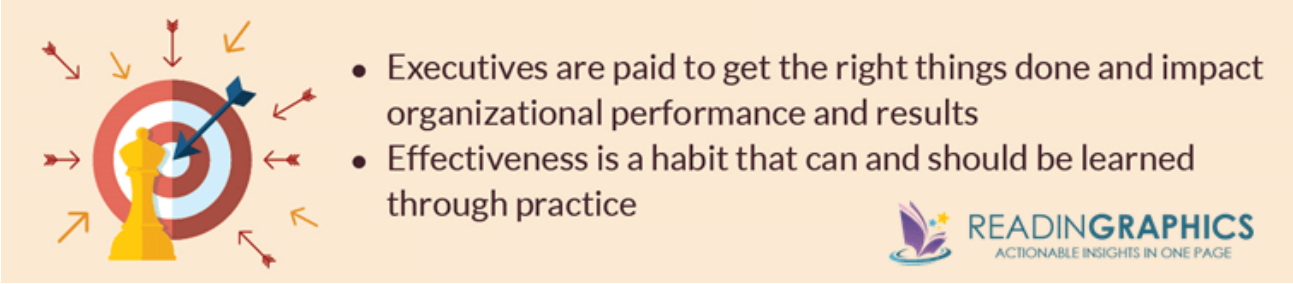
https://readingraphics.com/book-summary-the-effective-executive/



Work is becoming increasingly unstructured and creative in today's knowledge-based economy. Effectiveness is hence becoming more critical to individual and organizational success. Since its publication in 1967, *The Effective Executive* by Peter Drucker has helped many executives to improve their effectiveness. It shows how personal effectiveness–doing the right things–can be developed through 5 key practices. We'll be outlining these practices in this free version of *The Effective Executive* summary.

The Need for Effective Executives

Today, organizations and workers are increasingly knowledge-based. Unlike manual workers who use physical force or manual skills and need to focus on efficiency (doing things right), knowledge workers (e.g. accountants, designers) use knowledge and concepts to create ideas, solutions and new knowledge. Executives are paid to be effective, i.e. to get the right things done.


• Executives are paid to get the right things done and impact organizational performance and results
• Effectiveness is a habit that can and should be learned through practice
READINGRAPHICS
ACTIONABLE INSIGHTS IN ONE PAGE

An "executive" may not necessarily be in a leadership position – every knowledge worker is an "executive" if his role and contributions affect the organization's capacity to perform and obtain results.

The 5 Practices of the Effective Executive

The workplace comes with realities beyond our control; unless we make a conscious effort to be effective, we will simply be operating without real impact. To become effective, we must acquire *5 habits:*

- Manage our time
- Focus on results and contribution to the organization
- Build on strengths (self, others and situation), rather with weaknesses
- Set priorities and concentrate on the few major areas that will deliver outstanding results.
- Make effective decisions

1. KNOW AND MANAGE YOUR TIME

An executive "loses time" in many ways:

- Being largely self-directed; a knowledge worker must invest time to know what is expected of him

and why, and also to understand how others can/ will use his knowledge output.
• Being part of a wider organization, an executive inevitably spends time on planning, discussions, reports, people-relations etc. The larger the organization, the less actual time he has.
• Many tasks require minimum chunks of time for completion, e.g. developing a strategic plan or direction or finishing a report. When done in dribs and drabs, much of the time is actually wasted.

READINGRAPHICS
ACTIONABLE INSIGHTS IN ONE PAGE
KNOW AND
MANAGE YOUR TIME
Record actual time use
Identify where your time is spent
Manage time
Identify & remove unproductive or time-wasting activities
Consolidate time
Set aside uninterrupted blocks of time within available discretionary time

Everything requires time; yet, time cannot be bought, is perishable and is irreplaceable. Time is hence the key resource to be managed for effectiveness. Before moving into planning, we should start by identifying where our time actually goes, so we can organize our "discretionary time". There are 3 steps you can use:

Record Time

Record actual time-use (using any method that works for you), so you become aware of where your time is going.

Manage Time

Identify unproductive, time-wasting activities by asking 3 diagnostic questions:
• What would happen if these were not done at all?
• Which of the activities on my time log could be done by someone else just as well, if not better?
• Ask others: "What do I do that wastes your time without contributing to your effectiveness?" Then, remove the time-wasters if possible.

Consolidate Time

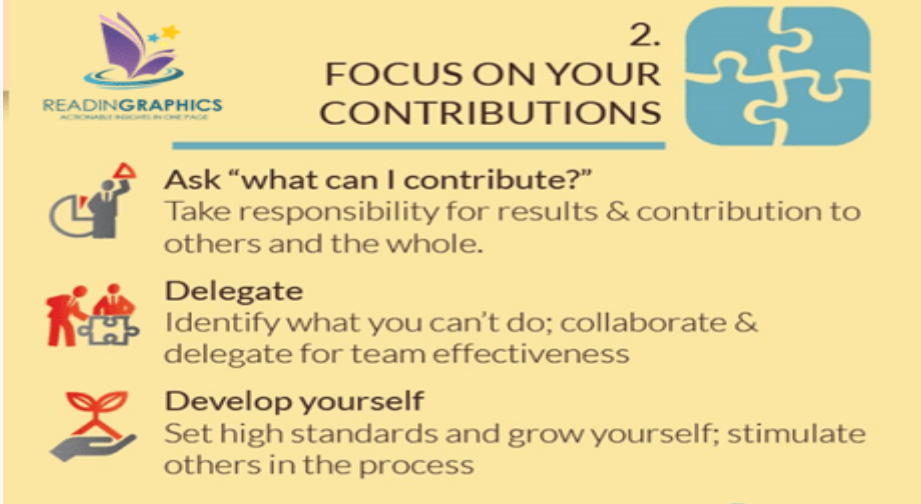
Estimate how much discretionary time you really have, then set aside continuous and uninterrupted blocks of time, with deadlines to complete your activities within the allocated time.

2. FOCUS ON YOUR CONTRIBUTIONS

Constantly ask, "*what can I contribute?* and take responsibility not just for your own results, but that of the organization's – this shifts your focus away from your narrow pockets of specialized

knowledge or expertise to the wider relationships, organizational purpose and the "unused potential" in your job.

When we focus on how our work contributes to others and the whole, it facilitates meaningful communications, the right human relations, and personal growth:


READINGRAPHICS
2.
FOCUS ON YOUR CONTRIBUTIONS
Ask "what can I contribute?"
Take responsibility for results & contribution to others and the whole.
Delegate
Identify what you can't do; collaborate & delegate for team effectiveness
Develop yourself
Set high standards and grow yourself; stimulate others in the process

• Once we *take responsibility for our contributions*, we can demand that of our subordinates too. When a subordinate starts to think through his potential contributions, it creates a meaningful platform for two-way (rather than downward) communication. Recognizing what you can't do and delegating with an emphasis on contribution makes others effective too.
• In the same token, *communication sideways* starts to open up, and real teamwork becomes possible.
• When we focus on contributions, we naturally identify areas for *personal self-development*. When we set high standards, ambitious goals, and aspirations for ourselves to produce impactful work, we also stimulate others to develop themselves.
Meetings, reports and presentations are essential part of an executive's work. To conduct effective meetings, it is critical to establish and state from the outset the specific objectives and contributions of the meeting.

3. MAKE STRENGTH PRODUCTIVE

Don't focus on problems and limitations; focus on opportunities, strengths and what you can do. The goal of organization is to use the strength of every person as a "building block for joint performance." To achieve best results, use the strengths of everyone, including your superiors, peers, sub-ordinates, associates, and your own. Set up the work such that someone's strength is used fully and his weakness is irrelevant. In our complete version of *The Effective Executive* summary, we share more tips on how to make strength productive.

4. FIRST THINGS FIRST

There will never be enough time to do everything. When we concentrate our (and our organization's) time, effort and resources, we complete each task faster, and hence can tackle more and greater

diversity of tasks. You can get more details from our full summary on how to set the right priorities and put first things first.

5. MAKE EFFECTIVE DECISIONS

Executives have the responsibility to make decisions that have significant impact on the organization and performance. To be effective, we need to go beyond problem-solving; we need to concentrate on important, strategic decisions and be prepared to make considered or even controversial decisions. In the full version of *The Effective Executive* summary, we share more on how to make effective decision with the rules of effective decisions.

So, there you are, the 5 key practices of effective executives:

- Manage your time
- Focus on results and contribution to the organization
- Build on strengths (self, others and situation), rather with weaknesses
- Set priorities and concentrate on the few major areas that will deliver outstanding results.
- Make effective decisions

Drucker subsequently published an article "*What Makes an Effective Executive"* in the Harvard Business Review, with updates to and expansion of his original ideas. In our complete book summary, we also share these updates, which expand the 5 practices above into 8 practices that jointly achieve 3 key objectives: (i) getting the knowledge you need, (ii) converting knowledge into effective action, and (iii) making the whole organization responsible and accountable.

Drucker's insights are based on his observations and review of many organizations and successful executives, including companies that he has worked or consulted with. Along the way, he provides many examples and tips of what the companies or executives did well.

The Effective Executive Quotes

"Executives who do not manage themselves for effectiveness cannot possibly expect to manage their associates and subordinates".

"Executives are not paid for doing things they like to do. They are paid for getting the right things done."

"Time is the scarcest resource, and unless it is managed, nothing else can be managed"

"The test of organization is not genius. It is its capacity to make common people achieve uncommon performance."

"Effective executives do first things first and they do one thing at a time…They know that they have no choice but to do first things first – and second things not at all. The alternative is to get nothing done."

"Systematically sloughing off the old is the one and only way to force the new"

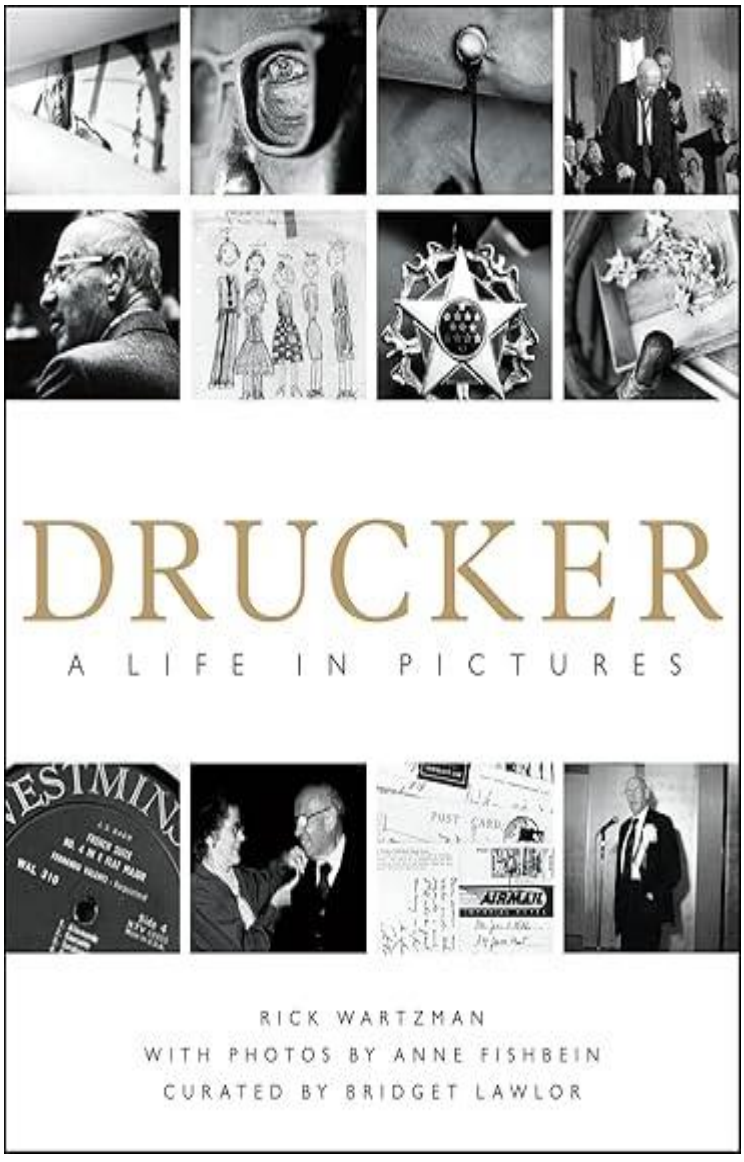
"A decision requires courage as much as it requires judgment."

"Executives are doers; they execute. Knowledge is useless to executives until it has been translated into deeds"

Drucker: A Life in Pictures

[Book Review]

https://www.amazon.com/Drucker-Life-Pictures-Rick-Wartzman/dp/0071700463



A Photographic Celebration of the Life and Work of the Legendary Peter Drucker

Born on November 19, 1909, Peter Drucker grew up in Austria and moved to Germany at the age of seventeen. When the Nazis rose to power in 1933, they burned and bannedsome of Drucker's earliest writings, and he fled the country. As Drucker witnessed the institutions of his nation fall apart one by one, he concluded that "performing responsible management is the alternative to tyranny." In 1937, Drucker and his wife immigrated to the United States--and the practice of management has never been the same.

Drucker: A Life in Pictures celebrates the lifeand work of "the man who invented management," as Drucker was known. He was a prolific writer, a passionate teacher, and a brilliant adviser who influenced how organizations are run perhaps more than any single figure of thetwentieth century. Drucker was also a loving husband and father, a loyal friend, and a passionate baseball fan.

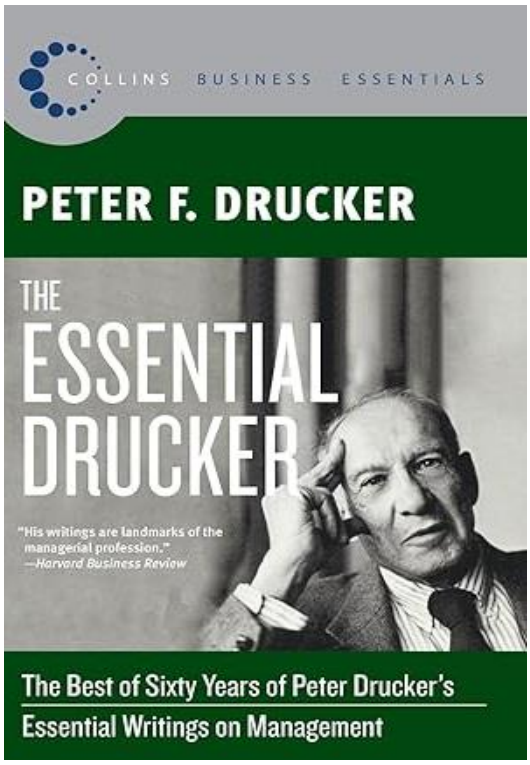
Drawn from the Drucker Archives, a part of the Drucker Institute at Claremont Graduate University, this trove of photos captures Drucker in all facets of his life--as an immigrant fleeing Hitler's Germany, a bestselling author, a beloved professor, and a consultant to major corporations, nonprofits, and government agencies.

The images include Drucker's doctoral dissertation on international law; a handwritten note from General Electric's Jack Welch; a high honor bestowed upon Drucker by the Emperor of Japan; Drucker's typewriter; his walking stick and record collection; and the file the FBI kept on Drucker--along with other stunning photographs of his manuscripts, awards, personal letters, and other ephemera.

The book is framed by extensive captions written by Drucker expert Rick Wartzman, and also includes excerpts of interviews with Drucker himself. All told, this handsome, unique photo history shines a spotlight on the many sides of one of the twentieth century's most influential figures.

Drawn from the vast collection at the Drucker Archives, a part of the Drucker Institute at Claremont Graduate University, Drucker: A Life in Pictures features almost 100 photographs of Peter Drucker's correspondence, manuscripts, awards, personal items, and other ephemera. Much of it has never been seen before by the public.

Each picture provides a glimpse into Drucker's long, fascinating, and hugely influential life, with every image placed into context through extensive captions written by Rick Wartzman, the Drucker Institute's executive director. Interlaced through the book are excerpts from various interviews that Drucker gave over the years.



The Essential Drucker:

The Best of Sixty Years of Peter Drucker's Essential Writings on Management

[https://www.amazon.in/Essential-Drucker-Druckers-Management-Essentials/dp/0061345016]

Father of modern management, social commentator, and preeminent business philosopher, Peter F. Drucker analyzed economics and society for more than sixty years. Now for readers everywhere who are concerned with the ways that management practices and principles affect the performance of organizations, individuals, and society, there is The Essential Drucker—an invaluable compilation of essential materials from the works of a management legend. Containing twenty-six core selections, The Essential Drucker covers the basic principles and concerns of management and its problems, challenges, and opportunities, giving managers, executives, and professionals the tools to perform the tasks that the economy and society of tomorrow will demand of them.

Contributions

of

Peter Drucker

Kindly visit these Web Pages to see THREE Videos !

https://www.youtube.com/watch?v=6naG3l-kzyM This video discusses about the Management by Objectives (MOB) given by Peter Drucker. Peter Drucker | Management by Objectives | Six Major Contributions | Advantages | Disadvantages
https://www.youtube.com/watch?v=Oq33PXmi6Ko This video explains the contribution of Peter Drucker in Modern Management. Peter Drucker Contribution to Management
https://www.youtube.com/watch?v=HhE2eCqdovw A recollection of the life and times, and the contributions of Peter F. Drucker, Father of Modern Management by those who knew him well: from colleagues, professors, CEOs, to friends and family. Peter Drucker: An Enduring Legacy

"Management is a multi-purpose organ that manages business and manages managers and manages workers and work." <<< Peter Drucker

Peter Ferdinand Drucker (1909-2005) was an Austrian-born, American management thinker, professor, and author. He also spent part of his life in England and attended a lecture by John Maynard Keynes. Afterwards he said, "I suddenly realized that Keynes and all the brilliant economic students in the room were interested in the behaviour of commodities while I was interested in the behaviour of people."

In 1943, Peter Drucker began his own consulting business which allowed him to work with companies like IBM and Procter & Gamble. He realized that the two most important things for a business to achieve were innovation and marketing.

Drucker taught that management is a liberal art and is about much more than productivity. To be an effective manager you must understand things like psychology, science, religion, and the other things that go into that subject.

Drucker observed that often managers would try to take charge of everything. This was usually out of a desire for control or the belief that they were the only person who could accomplish a task

correctly. Because of this, he advocated strongly for the decentralization of management. He taught that managers needed to delegate tasks to empower their employees.

Throughout his career, Peter Drucker wrote 39 books where he coined several terms which are still used today. "Knowledge worker" is one of the many terms coined by Peter Drucker. A knowledge worker is someone whose job involves handling or using information. He was one of the first people to foresee our society's shift to a knowledge society.

In his 1954 book "The Practice of Management", Peter Drucker coined the term "management by objectives" or MBO. MBO compares the performance of employees to the typical standards required for that position. The belief behind MBO is that if employees help determine the standards, they will have more incentive to fulfil them. While he was working on this book, he realised he was laying down the foundations of a new discipline. This book led to people hailing him as the 'father of management'.

Some of the major contributions of Peter Drucker are as follows:

1. Nature of Management
2. Management Functions
3. Organisation Structure
4. Federalism
5. Management by Objectives
6. Organizational Changes.

Among the contemporary management thinkers, Peter Drucker outshines all. He has varied experience and background which include psychology, sociology, law, and journalism. Through his consultancy assignments, he has developed solutions to number of managerial problems. Therefore, his contributions cover various approaches of management. He has written many books and papers.

1. Nature of Management:

Drucker is against bureaucratic management and has emphasised management with creative and innovative characteristics. The basic objective of management is to read towards innovation. The concept of innovation is quite broad. It may include development of new ideas, combining of old and new ideas, adaptation of ideas from other fields or even to act as a catalyst and encouraging others to carry out innovation.

He has treated management as a discipline as well as profession. As a discipline, management has its own tools, skills, techniques and approaches. However, management is more a practice rather than a science. Thus, Drucker may be placed in 'empirical school of management'.

While taking management as a profession. Drucker does not advocate to treat management as a strict profession but only a liberal profession which places more emphasis that managers should not only have skills and techniques but should have right perspective putting the things into practice. They should be good practitioners so that they can understand the social and cultural requirements of various organisations and countries.

2. Management Functions:

According to Drucker, management is the organ of its institution. It has no functions in itself, and no existence in itself. He sees management through its tasks. Accordingly, there are three basic functions of a manager which he must perform to enable the institution to make its contribution for:

(i) the specific purpose and mission of the institution whether business, hospital or university;

(ii) making work productive and the worker achieving; and

(iii) managing social impacts and social responsibilities.

All these three functions are performed simultaneously within the same managerial action. A manager has to act as administrator where he has to improve upon what already exists and s already known. He has to act as an entrepreneur in redirecting the resources from seas of tow or diminishing results to areas of high or increasing results.

Thus, a manager has to perform several functions: setting of objectives, making, organising and motivating. Drucker has attached great importance to the objective setting function and has specified eight areas where clear objective setting is required. These are: market standing, innovation, productivity, physical and financial resources, profitability, managerial performance and development, worker performance and attitude, and public responsibility.

3. Organisation Structure:

Drucker has decried bureaucratic structure because of its too many dysfunctional effects. Therefore, it should be replaced. He has emphasised three basic characteristics of an effective organisation structure.

These are:

(i) Enterprise should be organised for performance;

(ii) it should contain the least possible number of managerial levels;

(iii) it must make possible the training and testing of tomorrow's top managers—responsibility to a manager while still he is young.

He has identified three basic aspects in organising activity analysis, decision analysis, and relation analysis. An activity analysis shows what work has to be performed, what kind of work should be put together, and what emphasis is to be given to each activity in the organisation structure.

Decision analysis takes into account the four aspects of a decision: the degree of futurity in the decision, the impact of decision over other functions, number of qualitative factors that enter into it, and whether the decision is periodically recurrent or rare. Such an analysis will determine the level at which the decision can be made. Relation analysis helps in defining the structure and also to give guidance in manning the structure.

4. Federalism:

Drucker has advocated the concept of federalism. Federalism refers to centralised control in decentralised structure Decentralised structure goes far beyond the delegation of

authority. It creates a new constitution and new ordering principle. He has emphasised the close links between the decisions adopted by the top management on the one hand and by the autonomous unit on the other.

This is just like a relationship between federal government and state governments. In a federal organisation, local managements should participate in the decision that set the limits of their own authority. Federalism has certain positive values over other methods of organising.

These are as follows:

(i) It sets the top management free to devote itself to its proper functions;

(ii) It defines the functions and responsibilities of the operating people;

(iii) It creates a yardstick to measure their success and effectiveness in operating jobs; and

(iv) It helps to resolve the problem of continuity through giving the managers of various units education in top management problems and functions while in an operating position.

5. Management by Objectives:

Management by objectives (MBO) is regarded as one of the important contributions of Drucker to the discipline of management. He introduced this concept in 1954. MBO has further been modified by Schleh which has been termed as management by results'. MBO includes method of planning, setting standards, performance appraisal, and motivation.

According to Drucker, MBO is not only a technique of management but it is a philosophy of managing. It transforms the basic assumptions of managing from exercising cattalo to self-control. Therefore, in order to practice MBO, the organisation must change itself MBO has become such a popular way of managing that today t is regarded as He most modern management approach. In fact, it has revolutionalised the management process.

6. Organizational Changes:

Drucker has visualised rapid changes in the society because of rapid technological development. Though he is not resistant to change, he feels concerned for the rapid changes and their impact on human life. Normally, some changes can be absorbed by the organisation but not the rapid changes.

Since rapid changes are occurring in the society, human beings should develop philosophy to face the changes and take them as challenges for making the society better. This can be done by developing dynamic organizations which are able to absorb changes much faster than static ones. Drucker's contributions have made tremendous impact on the management practices. His contributions have been recognised even by the management thinkers of Socialist Bloc.

For example, Vishiani a USSR management thinker writes about Drucker as follows:

"Drucker shows certain foresightedness and understanding of the development prospects of modern production when he opposes the view that worker is no more than an appendage of machine. Moved by a desire to strengthen the position of capitalism, he endeavors to give due consideration also to some objective trends in production management.

Drucker, therefore, tells the industrialists not to fear a limited participation of the workers in the management of production process. He warns them that if they do not abandon that fear, the consequences may be fatal to them." Drucker is perhaps the only Western management thinker who has attracted so much attention of the communist world.

Peter Drucker's Contribution to Management Theory

In 1943, Peter Drucker began his own consulting business which allowed him to work with companies like IBM and Procter & Gamble. He realized that the two most important things for a business to achieve were innovation and marketing.

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Peter's Drucker's 5 Most Important Questions

One of the biggest ways Peter Drucker was able to contribute to business and management was by teaching organizations how to best allocate their energy and resources. His book, "The 5 Most Important Questions You Will Ever Ask About Your Organization", outlined five important questions every executive should ask about their business.

What is your mission?

Every business needs an effective and concise mission statement. Your mission statement doesn't explain what you do but rather why you do what you do. Your mission statement should be the driving force behind the actions of you and everyone in your company.

Who is your customer?

Peter Drucker understood that many businesses didn't even really know who it was they were serving. You must find out who your customer is and then organize all of your efforts toward meeting their needs and bringing them value.

What does your customer value?

This question is perhaps the most important of all five questions. The key is that it can only truly be answered by your customer themselves. You must know what your customer wants and needs.

What are your results?

Drucker stated that you must be able to measure your results in both qualitative and quantitative terms. You must not only know what your results are but you must have a standard for evaluating them as well.

What is your plan?

In order to reach one's goal, one must have a plan for how to get there. According to Peter Drucker, one's plan should include his/her mission statement, action steps, and a way to evaluate his/her results. If one can't summarize those points then one does not have a plan to achieve his/her goals.

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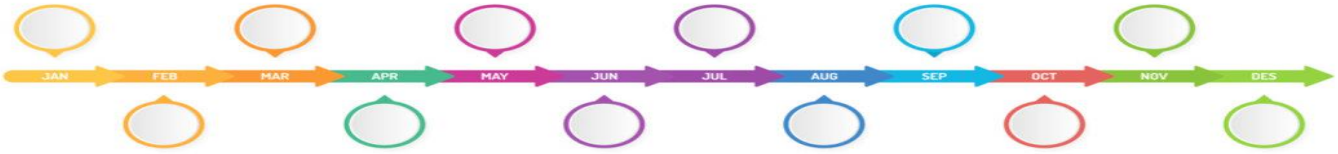


Peter Drucker

PETER F. DRUCKER – A TIMELINE

Early Years

Born in Vienna, Austria, on November 19, 1909, into a highly educated professional family that is deeply involved in the cultural, political and economic affairs of the day. His kindergarten teacher taught "the concept of management."

1918 The school he attends in 4th grade, run by the beloved Miss Elsa and Miss Sophy, focuses on what people can do, which becomes an early model of the Drucker credo.

1919 Enters gymnasium and is instructed in religion by Father Pfliegler, who poses the key existential question, "What do you want to be remembered for?" This question will be an important touchstone for Drucker throughout his life.

1920s

1927 Moves from Austria to Germany to study law at Hamburg University. One course presents admiralty law as a microcosm of Western history, society, technology, legal thought, and economy and becomes the model for Drucker's teaching of the discipline of management.

Hears a performance of Verdi's Falstaff at the Hamburg Opera and is inspired to do his life's work in the spirit of Verdi, who said: "All my life as a musician I have striven for perfection. It has always eluded me. I surely have an obligation to make one more try."

1929 Publishes two econometric papers, one of which predicts in early fall 1929 the continued rise of the stock market; this cures him permanently of making predictions. Takes a job as a trainee securities analyst in the Frankfurt branch of a Wall Street firm and transfers to Frankfurt University.

Joins Frankfurt's largest daily newspaper, the Frankfurter General Anzeiger, as a financial writer. Promoted a year later to senior editor in charge of foreign affairs and business. His boss, Erich Dombrowski, a leading liberal editor, teaches him to evaluate his work and decide what to focus on, what to improve, and what to learn. This review becomes a key element of Drucker's work with managers and organizations.

1930s

1931 Receives a Ph.D. in international law from Frankfurt University.

1932 Publishes essay on Friedrich Julius Stahl, a leading German conservative philosopher, that offends the Nazi government. The pamphlet is banned and burned. Drucker decides not to stay in Germany under Nazi rule and moves to London where he works for a merchant bank and continues to write and to study economics.

1937 Weds Doris Schmitz and moves to the United States as an American correspondent for a group of British newspapers.

1939 Publishes his first book, The End of Economic Man: The Origins of Totalitarianism (reissued 1995), which Winston Churchill orders be included in the book kit provided to every graduate of the British Officers' Candidate School. Teaches part-time at Sarah Lawrence College.

1940s

1942 Joins the faculty at Bennington College, Vermont, as a professor of politics and philosophy.

1943 Publishes his second book, The Future of Industrial Man (reissued 1994), which leads to an invitation from General Motors to study their corporate and top management structure, his first of many consulting projects.

1945-46 Publishes The Concept of the Corporation (reissued 1992). This book, which originated in Drucker's study of General Motors, introduces the concept of decentralization as a principle of organization and the concept of management by objectives to replace command and control. Also introduces the principle of worker responsibility, which General Motors rejects and which Japan makes the cornerstone of its postwar industrial strategy.

1950s

1950 Joins the faculty of the Graduate Business School of New York University as a professor of management, where he stays until 1971.

Overhears Joseph Schumpeter, noted Harvard economist, say to his father, Adolph Drucker, "I know that it is not enough to be remembered for books and theories. One does not make a difference unless it is a difference in people's lives." This idea becomes a key part of Drucker's thinking about his own life and work.

1954 Publishes The Practice of Management and establishes management among the major social innovations of the 20th century. Among his contributions are the three classic questions: What is our business? Who is our customer? What does our customer consider value?

1960s

Receives the Presidential Citation at New York University, the highest award given by the university.

1970s

1971 Leaves New York University to become the Clarke Professor of Social Sciences and Management at Claremont Graduate School in California.

1975 Begins a 20-year tenure as a monthly columnist for the editorial page of the Wall Street Journal. Begins a self-described "period of greatest productivity."

PETER DRUCKER BIOGRAPHICAL TIMELINE – PAGE 3 OF 3

1976 Appointed to the board of the financially distressed Asian Art Museum in San Francisco. Donors respond to his vision, and the museum is turned around. Provides a similar vision for CARE at a time when that organization is reeling from financial scandal.

1979-85 Becomes a professorial lecturer in Oriental art at Pomona College in Claremont, Calif.

1980s

1987 The Peter F. Drucker Graduate Management Center at Claremont Graduate University is named in his honor.

1990s

1997 The Drucker Center becomes The Peter F. Drucker Graduate School of Management at Claremont Graduate University.

1998 The Drucker Archives is inaugurated at Claremont Graduate University. Drucker's works are collected and categorized in the archives, making his ideas, ideals, and philosophy widely accessible to scholars and practitioners.

2000s

2001 The Salvation Army awards Drucker the Evangeline Booth Award, its highest civilian honor, for his tremendous influence for positive good in the nonprofit field. "There is no organization I admire more or respect more than the Salvation Army," Drucker said. "It has been my teacher and my mentor."

2002 Drucker is awarded the Presidential Medal of Freedom by President George W. Bush for his service to the field of management.

2004 The name of Drucker's friend Masatoshi Ito is added to the name of the Drucker School in recognition of Ito's longstanding relationship and significant financial support for the school.

2005 McKinsey Award. Presented by the Harvard Business Review for the best business article published by HBR in 2005. Drucker's "What Makes an Effective Executive" tied for first place.

Please visit these Web Links !

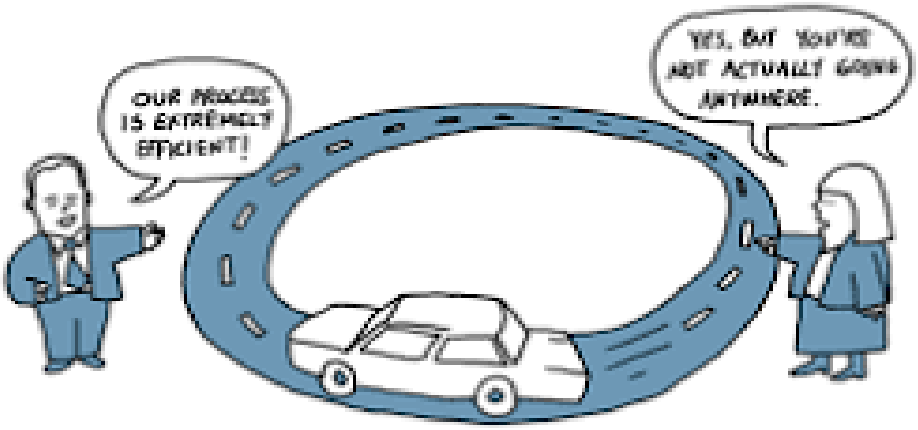
[01] https://tmgcanada.wordpress.com/wp-content/uploads/2007/04/drucker-timeline.pdf

[02] https://brandthinkmarketingdo.com/higher-education/remembering-peter-drucker-on-his-centennial/

Cartoons

on

Management



"Does it bother anyone else that our entire business is based on one questionable product?"

"Don't believe me? Maybe you'll believe the smart looking exec with the flow chart."

"Whomever pulls the sword from the stone will lead this project."

shutterstock.com · 118213798

The team needs LEADERSHIP, anyone have a view on that?
I'm not SURE, is there anyone we could ASK?
We don't want to take any CHANCES!
I'm not happy about committing myself!

ARE YOU SURE THAT'S THE BEST WAY TO HANDLE THIS? I MEAN...
WHY DON'T YOU GIVE HIM A CALL BACK & TELL HIM...
YOU MAY WANT TO TAKE ANOTHER LOOK AT THOSE...

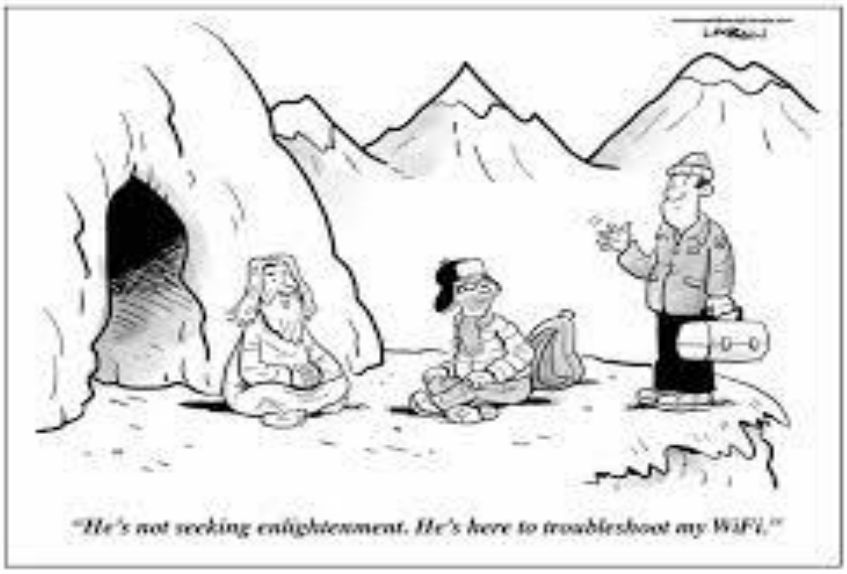
MANAGE A TROIS

"He refuses to change the lightbulb until we change."

Copyright 2006 by Randy Glasbergen.
www.glasbergen.com

"I'd like to run our market domination forecast once more, but this time let's see what happens if we plug evil flying monkeys into the equation."

"Don't be silly, the staff loves that we brought in a change management consultant."



©Glasbergen / glasbergen.com

"The key to crisis management is to have as many meetings as possible until the problem goes away on its own."

"This is us."

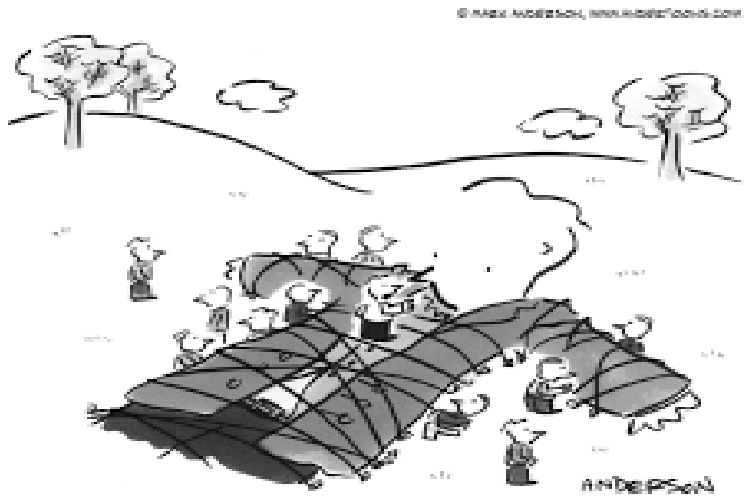
"The announcement of the changes really went well."

"It has come to my attention gentlemen, that you have been doing the work of two men."

Can't you see we are too busy?

DASHBOARD
DO WE TRUST THIS DATA?
Dataedo /cartoon

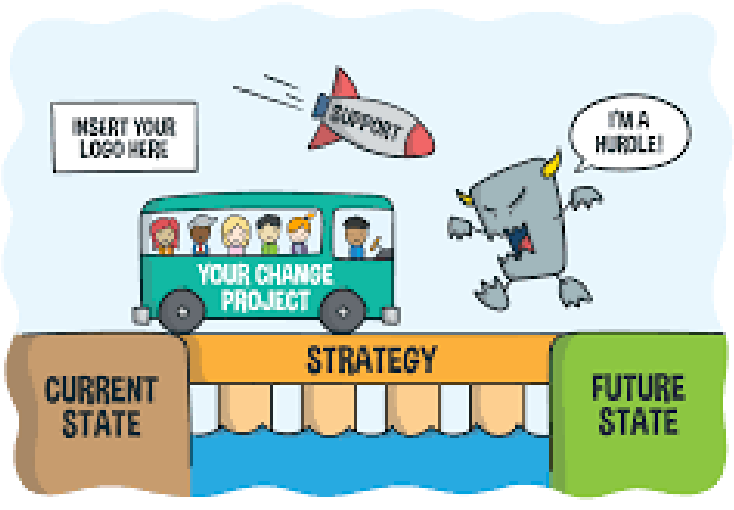
CHARITY MANAGEMENT TRAINING
Welcome, Ivanka, Eric and Don Jr.
LET'S BEGIN BY ASKING WHICH ONE OF YOU STOLE THE CHALK



"We prefer to call it micro-management."

THIS NEEDS TO BE MOVED TO THE RIGHT.
LET'S NOT TALK ABOUT SOLUTIONS. CAN YOU EXPLAIN THE PROBLEM WITH IT?
OF COURSE, THE PROBLEM IS THAT IT IS POSITIONED ON THE LEFT AND NOT ON THE RIGHT.
PRODUCTMARE

"Now this is exactly what I was referring to when I talked about 'Scope Creep'."



"Let everyone in the office read this memo which I've written in Queen's English. I hope they can understand it - it's not in txt talk."

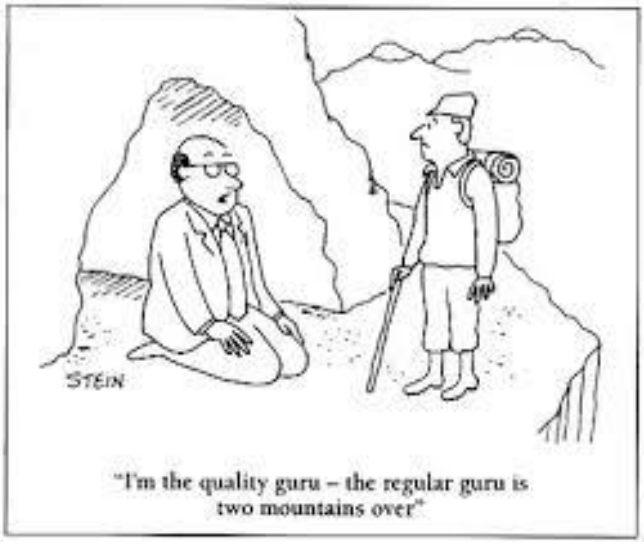
IT WAS A DARK AND STORMY NIGHT ...
I THINK THE BOSS IS GOING A LITTLE TOO FAR WITH THIS STORYTELLING APPROACH.
resourcefulmanager.com

"I need a list of specific unknown problems that we'll encounter."

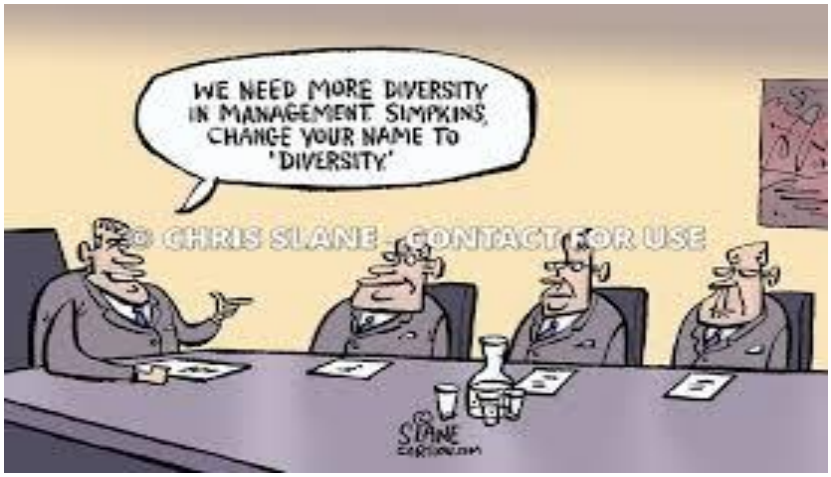
YOU'RE OUR MOST INEFFECTIVE EMPLOYEE. WE'RE MOVING YOU TO WHERE YOU CAN DO THE LEAST DAMAGE
BINGO! MANAGEMENT HERE I COME
LYNCH

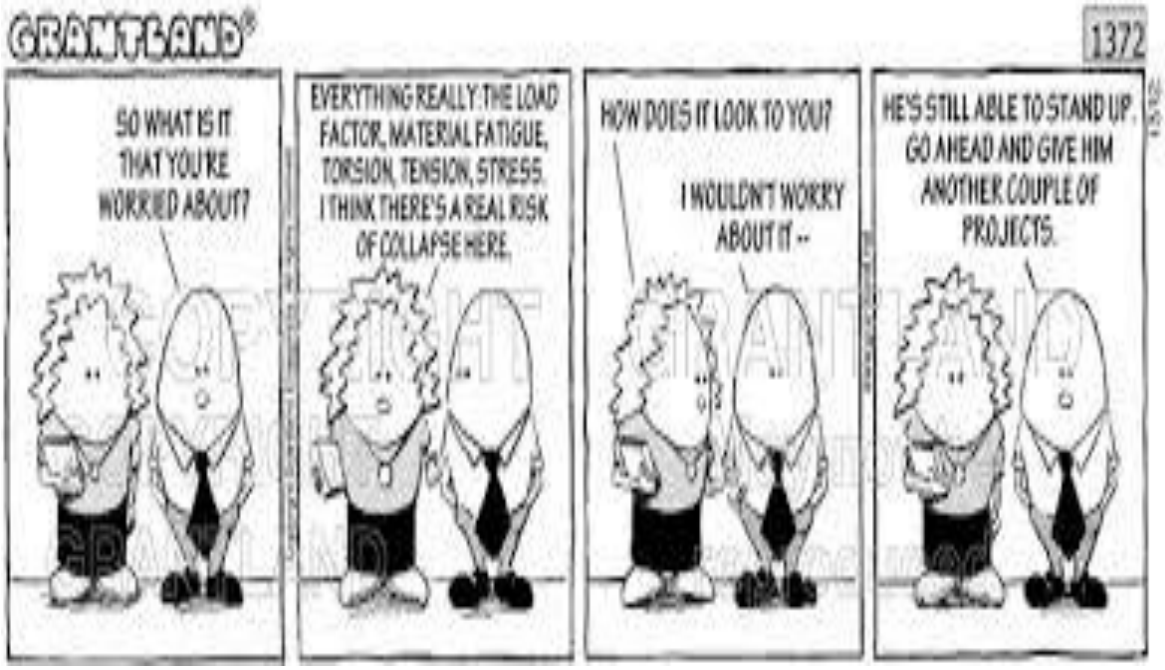
"IF YOU'VE GOT BAD NEWS FOR HIM, I SUGGEST YOU TALK TO HIM AFTER HIS TUESDAY ANGER MANAGEMENT CLASS."

"Well, now we know what not to do."



"I'm the quality guru – the regular guru is two mountains over"




GRANTLAND
1372
SO WHAT IS IT THAT YOU'RE WORRIED ABOUT?
EVERYTHING REALLY. THE LOAD FACTOR, MATERIAL FATIGUE, TORSION, TENSION, STRESS. I THINK THERE'S A REAL RISK OF COLLAPSE HERE.
HOW DOES IT LOOK TO YOU?
I WOULDN'T WORRY ABOUT IT --
HE'S STILL ABLE TO STAND UP. GO AHEAD AND GIVE HIM ANOTHER COUPLE OF PROJECTS.

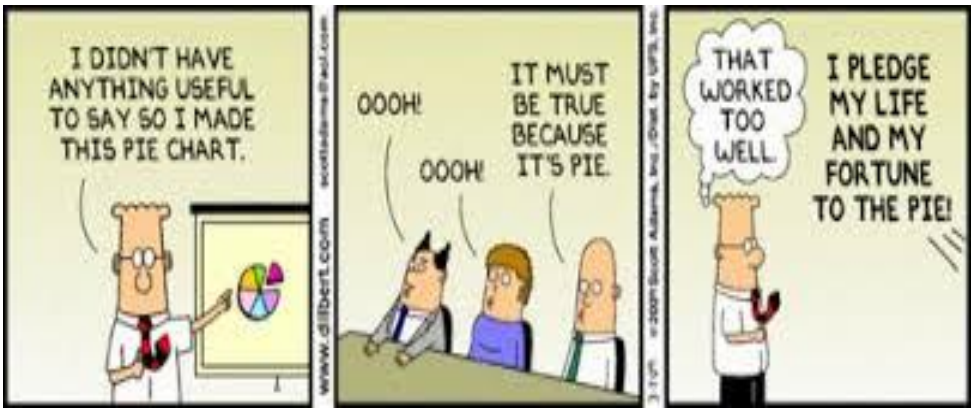
"I assure you, ma'am, my supervisor is just as unfeeling as I am."
garyhamel.com/humor

I'M CUTTING OUT A COMPLETE LAYER OF MANAGEMENT.

"I hear your management is in transition."
alamy

AS REQUESTED, I DID A "RISK MANAGEMENT" ASSESSMENT.
I CONCLUDED THAT THERE WAS NO RISK OF ANY MANAGEMENT.
DO YOU HAVE ANYTHING TO ADD?
I'LL GET BACK TO YOU.
www.dilbert.com

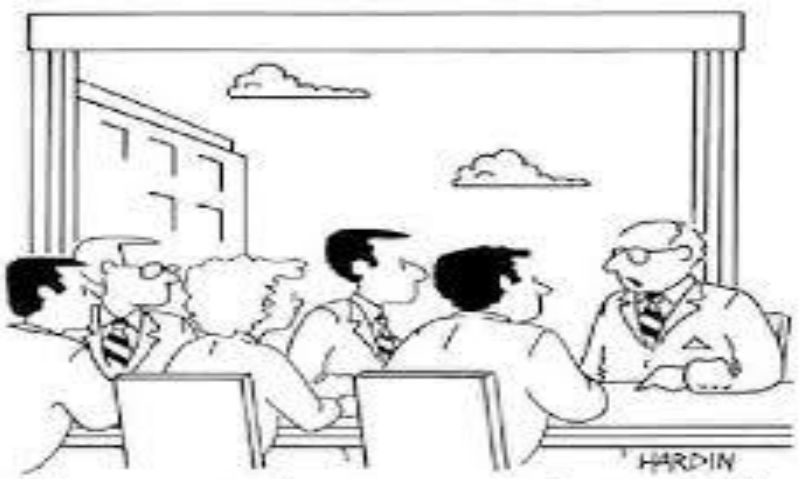
I HEARD THAT YOU'RE A CERTIFIED PROJECT MANAGEMENT ZOMBIE. IS THAT TRUE?
I'M AN ASSERTIVE AND INNOVATIVE PROFES-SIONAL, EXPERIENCED IN PROJECT AND OPER-ATIONS MANAGEMENT METHODOLOGY AND PROCESS DEVELOPMENT.
HE DIDN'T SEEM DANGER-OUS.
I JUST SAT THROUGH A THREE-HOUR PROJECT REVIEW MEETING.
www.dilbert.com


I DIDN'T HAVE ANYTHING USEFUL TO SAY SO I MADE THIS PIE CHART.
OOOH!
OOOH!
IT MUST BE TRUE BECAUSE IT'S PIE.
THAT WORKED TOO WELL.
I PLEDGE MY LIFE AND MY FORTUNE TO THE PIE!
www.dilbert.com

WE'RE HIRING A DIRECTOR OF CHANGE MANAGEMENT TO HELP EMPLOYEES EMBRACE STRATEGIC CHANGES.
OR WE COULD COME UP WITH STRATEGIES THAT MAKE SENSE. THEN EMPLOYEES WOULD EMBRACE CHANGE.
THAT SOUNDS HARDER.
DilbertCartoonist@gmail.com

"Maybe we need to change our encouragement posters."

"So, are we really saying that none of us has any idea how we can get ourselves out of this mess?"



"We've considered every potential risk except the risks of avoiding all risks."

"JUST A SECOND, I'M LOOKING FOR THE SECTION ON HOW TO TALK TO EMPLOYEES!"

"Just a smidge higher."

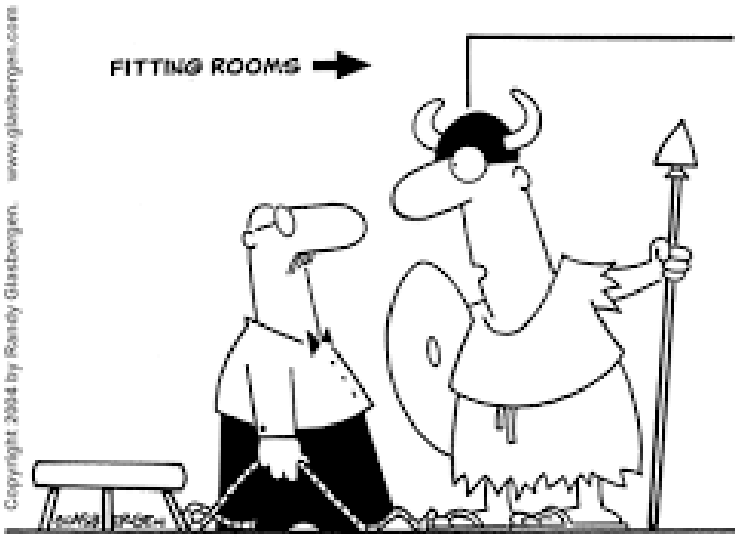
NORMAN & OZI
There 'lies' the truth!
Headache? Got up late? Missed the bus? Too much traffic? Make sure you align your excuses with your tweets.

PUFF! How can I be more effective at this?
Plan to make TIME your PARTNER, not an OPPONENT!

ALICE, I'VE DECIDED TO ADD A RESOURCE TO YOUR PROJECT
WE'RE HUMAN BEINGS, NOT "RESOURCES"!!
WOULD IT HELP IF I TOLD YOU THAT RESOURCES ARE OUR MOST VALUABLE ASSET?

I MAKE THE PLANS, THEN IT'S YOUR JOB TO SEE THEY GET CARRIED OUT.
COPYRIGHT © TOONS

Development Team
Program Office
"We should double the estimate, just in case."
"Our executive's guidance is to always cut the sizing in half."



"I don't want to conquer the world,
I just want to intimidate my computer!"

"Well, THAT was an interesting elevator ride!"

"I prefer the term 'time-management' to 'clock-watching'."

WHEN YOU USE THIS, BE SURE TO WIPE IT DOWN AFTERWARDS. PLUS, I SEE YOU LEFT IT ON 'HIGH.' IT'S NOT SUPPOSED TO STAY ON THAT SETTING.
I CAN'T STAND MICROWAVE MANAGERS.

"By the way, about your presentation ... Management has made a surprise visit."

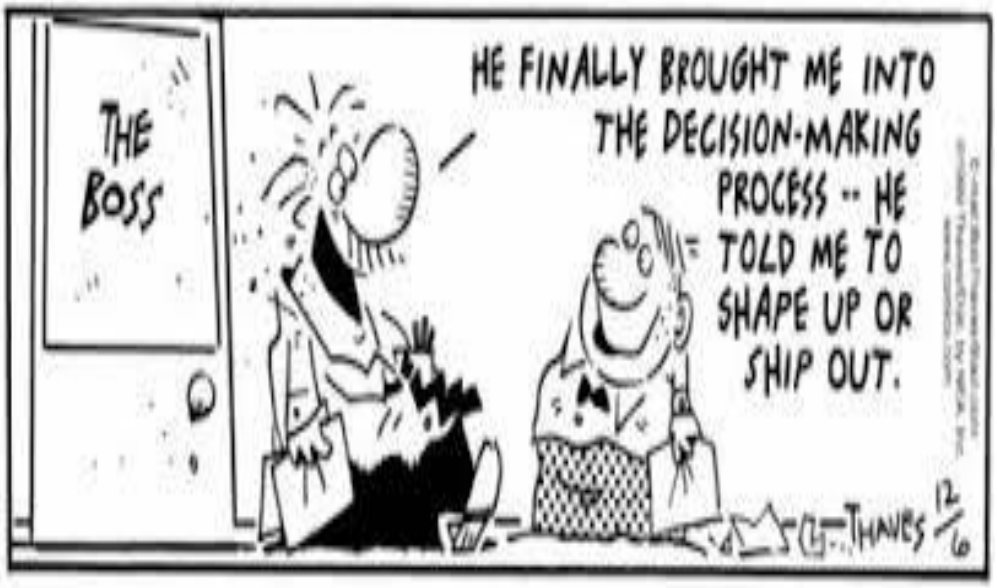
"Welcome to the magic and the mystery that is Henry's Powerpoint presentation."

"Sure, we're getting cramped, but it beats opening up to change."

WHY DOES IT SEEM AS IF MOST OF THE DECISIONS IN MY WORKPLACE ARE MADE BY DRUNKEN LEMURS?
DECISIONS ARE MADE BY PEOPLE WHO HAVE TIME, NOT PEOPLE WHO HAVE TALENT.
WHY ARE TALENTED PEOPLE SO BUSY?
THEY'RE FIXING THE PROBLEMS MADE BY PEOPLE WHO HAVE TIME.

"Excuse me, sir - I'm conducting a survey about stress in the workplace."

"I understand how HR thinks, but was it really necessary to replace our coffee with diversitea?"



KINDER MORGAN'S RISK MANAGEMENT BALANCING ACT...

DON'T LET PROCESS KILL PROGRESS
THAT'S A GREAT IDEA!! NOW, MAKE A PRESENTATION SO WE CAN CIRCULATE TO KEY STAKEHOLDERS FOR APPROVAL!
ON SECOND THOUGHT, WE DON'T HAVE TO DO SECRET SANTA...
New Comic Every Monday
@EveryVowel
EveryVowel.com

Why read Peter Drucker?

[https://hbr.org/2009/11/why-read-peter-drucker]

Business history

Why Read Peter Drucker?

by

- Alan Kantrow

From the Magazine (November 2009)

Originally published January–February 1980

Summary:

Peter Drucker's extensive writings, including more than 30 HBR essays, are landmarks of the managerial profession. They've influenced the practice and teaching of management for decades and no doubt line thousands of bookshelves. But does anyone read his works? More important, ought they? More important still, what will they gain if they do?

In this 1980 article, Kantrow maintains that Drucker's real contribution to the discipline of management lies not so much in the cash value of his ideas but in the rigorous activity of mind by which they are formulated. One can learn far more deeply from watching Drucker think, says Kantrow, than from studying the content of his thought. Using specific passages from many of Drucker's books, the author demonstrates how Drucker's broadly contextual, logical, holistic play of thought enacts a kind of ongoing drama of perspective and how, combined with his fair-minded approach and commonsense flow of reasoning, Drucker so effectively convinces the reader. Kantrow also classifies Drucker's works into four groups—social and political thought, business and management analyses, views of what might logically develop in the future, and how-to primers on business tasks—and offers a guide for how to choose the best book for you.

Accompanying Kantrow's article are essays by five leaders who write about Peter Drucker's influence on them: A.G. Lafley, of Procter & Gamble; Frances Hesselbein, of the Leader to Leader Institute; Oscar Motomura, of the Amana-Key Group; Peter Paschek, of Delta Management Consultants; and Zhang Ruimin, of Haier.

Mention the name of Peter Drucker and many an ear in the business forest stands up straight. Over the years little of concern to business has fallen outside the extraordinary range of his interests, and few of those interests have escaped thoughtful, often classic exposition in his six-foot shelf of articles and books.

Such productivity is itself a professional achievement of the first order. Add to it, however, Drucker's countless appearances in executive seminars, lecture halls, conference rooms, and classrooms; his extensive labors as a consultant; and his facility for expressing complex ideas simply and elegantly. No wonder the mention of Peter Drucker commonly guarantees attention. People listen because they respect the authority of experience—distilled, analyzed, articulate—and are eager to profit by it.

There are those, of course, who do not listen so attentively to Drucker. Some, especially within the academy, think him more journalist than scholar and more glib generalizer than journalist. They slight his research as no research at all and his ideas on management as unstructured and (worst sin of all) unsystematic. To their minds Drucker is an armchair philosopher who lacks practical credentials as a *doer.*

At one extreme they believe him neither interested nor competent in the myriad details of day-to-day business operations and therefore question the authority his judgments regularly carry.

At the other extreme Drucker's most attentive followers, like those of many a popular thinker, grant him too much. Out-of-context snippets from his writings or conversations often appear in support of contentions that he himself does not endorse. Similarly, overly ardent disciples reduce the complexity of his thought to a handful of canonical ideas that, in their doctrinaire simplicity, do violence to the original.

In point of fact, Drucker's works lend themselves to these excesses of reaction. By relying in places on such suggestive—but incompletely wrought—notions as the "contribution coefficient," Drucker offers fertile ground for scholarly naysaying. [1] Conversely, by striving for a pithy, epigrammatical style, he often plays into the hands of those who are too easily satisfied with easy phrases and half-truths. Indeed, it is rhetorically memorable to assert, as Drucker does, that "most sales training is totally unjustified. At best it makes an incompetent salesman out of a moron." But it also gives heady encouragement to the cavalier dismissal of a perennially knotty problem.

The Purpose of a Company Is to Create a Customer

When I was in college, I saw Peter Drucker's books on my father's bookshelf in his home study— The Effective ...

Sloganeering of either sort, wherever it occurs, is double-edged. Used with care, it allows for a quick, incisive thrust of thought; in the wrong hands, it becomes an effective weapon of simple- or fuzzy-mindedness.

The Influence of Ideas

For the most part, however, Drucker's books command attention neither for their stock of aphorisms nor for their mastery of technical computation. Ears perk up, rather, to catch the wisdom of Drucker's animating ideas. So generally receptive has their audience been and so long-lived their influence that many of his ideas have become part and parcel of today's commonsense understanding of business. As a result, it is not easy—even in retrospect—to achieve critical distance from them.

How remarkably familiar has become his vision of modern industrial society as constituted by large-scale organizations. How obvious it now seems to regard business as the representative institution of that society, and how matter-of-fact an exercise it now is to apply to business the same modes of analysis appropriate to any social or political institution.

Was there a time when people did not regularly ask of individual businesses their source of legitimate authority, their principle of organization, or their pattern of leadership? Was there a time when management felt little need to address employees' concerns for status and function, to fit "knowledge workers" into established structures of decision making and command, or to achieve effective communication in and among managerial levels?

For that matter, did business ever fail to take seriously the recruitment and development of executives, the proper role of boards of directors, or the special needs of companies at different stages of development? Did it fail to pay adequate attention to the internal logic of work itself or to those techniques by which managers can become both more efficient and more effective? Did it ignore such fundamental questions as the nature of the business it was in and of the customers it served?

Today it is hardly front-page news, at least within the business community, when some executive offers a defense of profits as an objective measurement of economic performance or as an essential premium against the risks of the future. Nor is it shocking to hear a call for management to think through long-term strategy as well as to set short-term objectives. A voice recommending that business plan for innovation is no longer a voice crying out in the wilderness.

That none of this seems novel—that it is all quite commonplace—is prime evidence of Drucker's pervasive influence, direct or indirect, on managerial thought. By and large these ideas have long since won acceptance as a kind of professional folk wisdom: They have become home truths.

Drucker's contribution

To be sure, few of these ideas are original with Drucker. Even fewer have escaped treatment in at least a dozen management texts. Yet there is always a value in reencountering sensible thought sensibly put. But if the substance of his books is neither original nor unique, if what they offer at best is no more or less than the readily paraphrasable content of his thinking, why bother to read them? Why, in short, read Peter Drucker and not a streamlined digest of his major ideas?

The answer is simple: Drucker's real contribution to managerial understanding lies not so much in the cash value of his ideas as in the rigorous activity of mind by which they are formulated. One can learn more—and more deeply—from watching him think than from studying the content of his thought.

Integration of Thought

Most critics assess the substantive contribution of Drucker's works to the discipline of professional management. Yet Drucker's thought is far more valuable for its manner than its matter. First, there is its decidedly integrative quality. To understand essential management tasks, Drucker shows by example that it is necessary to view them in context. One must appreciate the historical universe of traditions and structures out of which they emerged and the cultural universe of norms and values in which they participate. One must know about the many forms capitalism has taken over time and the particular strengths of each form. One must be aware of competing economic ideologies and their underlying premises. In short, one must be able to recognize major shifts in human aspirations as well as the fixed limits of human adaptation.

The Social Sector Redefined

Then, too, one must be sensitive to the speed, direction, and logic of those technological and demographic changes that will make the future very different from the present. One must, at the same time, carefully ascertain what in the present will last. Not least, one must supplement an understanding of management with insights from other fields of knowledge, regularly comparing it with the summary experience of other large-scale organizations and different cultures.

When brought to bear on even the thorniest of problems, such integrative thinking allows Drucker to identify the key assumptions at issue, to establish their mutual relations, and to evaluate them. Consider, for instance, his lengthy discussion of the curse of bigness in *Concept of the Corporation* .[2] Here Drucker avoids the needless excesses of those who argue either for or against bigness in business by tracing their operative premise to its root and showing it to be grossly misconceived.

Consciously or not, most opponents of bigness, Drucker finds, are in fact tilting against the windmills of monopoly; its defenders, protecting them. Now, monopoly and bigness are, of course, not the same thing and ought not be confused. But Drucker is able to track the point at issue still further to challenge its historical as well as its logical basis. "This theory of monopoly," he writes, "which is still widely accepted as gospel truth, rests on the assumption— correct in the eighteenth century—that supply will always be limited, whereas demand will always be unlimited." [3]

This assumption does not always obtain. It may be true of some, but is not necessarily true of all, historical periods. Because Drucker knows the traditional meaning of monopoly and the structural differences between past and present economic conditions, he can refocus an errant discussion.

Other examples suggest themselves. In *The End of Economic Man* , Drucker comprehends the sense behind the seeming irrationality of fascism's appeal by acknowledging the historical context of its ideas. [4] According to Drucker, the Great War and the Great Depression destroyed Europe's already shaken belief in an economic system that was autonomous, governed by rational laws, and productive of both freedom and equality. With the inherited rational world view of classical economics shown to be bankrupt, fascism took powerful hold on the European mind precisely because it was "irrational"—that is, it offered a noneconomic basis for individual status and rank. Drucker reaches the heart of this twentieth-century phenomenon by appreciating the sudden irrelevance of earlier systems of thought.

A similar understanding characterizes his many obiter dicta on Marxism as well as his famous essay on John Maynard Keynes. Drucker writes:

"Keynes's work was built on the realization that the fundamental assumptions of nineteenth-century laissez-faire economics no longer hold true in an industrial society and a credit economy. But it aimed at the restoration and preservation of the basic beliefs, the basic institutions of nineteenth-century laissez-faire politics; above all, it aimed at the preservation of the autonomy and automatism of the market. The two could no longer be brought together in a rational system; Keynes's policies are magic spells, formulae, and incantations, to make the admittedly irrational behave rationally." [5]

Much the same is true of Marx's thought, which treats as a universal given conditions limited to a brief phase of industrial development.

Technological implications

Drucker's integrative thinking also illuminates the special obligations imposed by technology on modern business enterprise. From his broad familiarity with the history of industrial development, Drucker can argue in *Technology, Management and Society* that there has been a massive "overall change in the nature of

technological work during [our] century"—a change in its structure, costs, methods, and conceptual underpinnings. [6] He is pointedly aware, for instance, that the professional and institutional qualities of technological work are fundamentally new, as are its geometrically increasing requirements for capital expenditures. He can read the implications of the lengthening transition from research to practical application and can see the need for an essentially new relationship between science and technology. He recognizes as well the dangers of the abrupt telescoping of accustomed product life cycles.

But Drucker's thinking rests on an equally broad familiarity with the history of technology. From what he calls the first technological revolution—the appearance in the ancient world of "irrigation cities" and their attendant civilizations—he abstracts a series of lessons that apply with comparable force to the present. Such a revolution, no matter when it occurs, demands major innovation in social and political institutions. Although the form of that innovation must follow the new objective reality created by technological change, the values that shape it and the human ends it is to serve still lie within human control .

The Essence of a Company

Now more than ever, technology demands of business hardheaded adaptation to objective circumstances and increasingly vigilant commitment to ultimate social purposes. Business must clearly understand and meet both obligations to be successful—even to survive—under these modern conditions. It takes Drucker's synthesis of technological and industrial history to bring home so balanced a conclusion.

Decision making in Japan

Perhaps the most striking instance of this integrative thinking is Drucker's exacting analysis of decision making in Japanese business. [7] His use of evidence from so alien a culture commands interest not only in itself but also as it throws American practices into sharper relief. In Japan, Drucker finds, the decision-making process is different from its American counterpart in three essential ways: (1) Decisions, as such, tend to be big ones—that is, they have to do with matters of far-reaching importance; (2) in making them, an inordinate amount of time is allowed for the painstaking achievement of consensus among all those concerned; and (3) once made, they rapidly translate into a course of action—one often radically at odds with previous policy.

From his long acquaintance with the Japanese way of doing things, Drucker knows that this otherwise inexplicable sequence of foot-dragging and full speed makes perfect, if unfamiliar, sense. Unlike American managers, whose decisions typically focus on the merits of a single option and whose concerns are more tactical than strategic, the Japanese take great care first to define the precise nature of the issue at hand. Only then do they methodically review every available course of action.

Though this process consumes a great deal of time, it ensures that the decision finally reached has been "presold." With such a consensus established, every concerned manager knows what the decision is, what it means, and what is necessary to make it work.

By contrast, American managers do not as a rule discipline themselves to consider all possible alternatives. More important, they do not regularly force themselves to think through the kind of issue it is that confronts them. As a result their decisions often address symptoms and nearly always have to be "sold" after the fact. Though the compromises made are roughly comparable to those implicit in any Japanese consensus, they are structurally deficient in a way the Japanese ones are not. Coming after the fact, American compromises and the inevitable trade-offs they involve can play havoc with the systematic logic of the original decision; coming before the fact, Japanese compromises are by definition included—and accounted for—within the decision itself.

Context and Logic

The making of decisions in Japan and America, the impact of modern technology, the thought of Keynes and Marx, the appeal of fascism, the curse of bigness—Drucker's mind plays over each of these topics in much the same way. Ideas for Drucker have both an external historical (or cultural) context and an internal logic of argument. The first gives them their shaping assumptions and conceptual vocabulary; the second, their systematic cogency. The first roots them in time and place; the second makes them more generally applicable. The first underscores their relativity; the second stresses their universality. Drucker does not deny the tension between context and logic. Rather, by looking closely at both, he is repeatedly able to define the relevant terms of discussion, reduce them to first principles, uncover improper assumptions or inferences, and identify hidden contradictions.

More specifically, he treats wages and wage policy in such a way as to unmask the quite different starting assumptions of employer and employee. He attacks the arbitrariness of the yearly accounting period, pointing up the great distance between an abstract convention and the reality it is to represent. He shows the typical criteria for promotion within management to be structurally contradictory—that is, in conflict with binding economic objectives. In each instance, Drucker's obstinate refusal to accept conventions at face value allows him to see through them to their formative premises.

Drucker's holism

This breadth of critical vision is, in turn, an apt expression of an instinctively holistic process of thought. As a number of Drucker-watchers have argued, his mind gravitates neither to the isolated fact nor to the mechanically causal explanation. Instead, Drucker responds most richly to the kaleidoscopic patterns and configurations among facts and to the process-based explanation of their

significance. Separate, random data become facts, and isolated facts take on importance only by virtue of their participation in—and relation to—wholes larger than themselves.

Drucker's holism is most readily apparent in *The Age of Discontinuity* , where he discusses the nonevolutionary "discontinuities" in the modern social universe. [8] The explosion of new technologies, the emergence of a truly integrated global economy, the central role of knowledge as an economic resource, and the appearance of countless nongovernmental institutions—all these suggest a radical change in the world as we now know it. They are, in his judgment, like the "drifts that form new continents." They represent massive, but largely hidden, alterations in the very foundations of our lives. The evidence for them lies on all sides, but it takes Drucker's holistic cast of minds to piece them together, to recognize their form, and to assess their import.

The same is true of Drucker's analyses of management proper. For example, his insistence on marketing as *the* essential, ubiquitous task of management attests to a view of business as a process necessarily oriented toward the creation and satisfaction of customers. Similarly, he extrapolates a few ideal patterns from the mass of individual variations of production and organization principles. In fact, when Drucker writes of the profession of management, he invariably conceives of it as a discipline that teaches its practitioners to identify the constellations of significance in the otherwise chaotic flow of information and circumstance.

Broadly contextual, logical, holistic, Drucker's play of thought—his real contribution to the discipline of management—enacts a kind of ongoing drama of perspective. It does far more than simply impart useful information. It provides a case study in how to think.

Drucker's fair-mindedness

Drucker's writing is instructive in yet another way. Though often pointed and prescriptive, it rarely loses its tone of calm rationality or strays from its primary commitment to objective analysis. Quite the opposite: It is remorselessly fair-minded. There are, of course, sins in the world—political, social, managerial—that earn Drucker's scorn and contempt, but he gives them all an impartial hearing before pronouncing sentence.

The Responsibility of Management Consultants

I knew Peter Drucker for 30 years. Aside from the personal career advice he gave me, his view of the responsibility of ...

To some, this unflappable deliberateness proves maddening beyond words. "Yes, yes, get on with it," they murmur impatiently. Yet *not* "getting on with it," at least in the sense intended, is one of Drucker's most valuable accomplishments. Impatience of mind turns over the authority in argument to the itch of irritation and removes it

from the sway of reason. Knowledgeable observers have attributed much of former Canadian Prime Minister Trudeau's long-lived success to his indefatigable derriere, which allowed him in many a meeting to outsit—and therefore out-argue—his less-patient opponents. Not quite so graphically, but every bit as effectively, Drucker's hardened allegiance to the measured pace of reason gives his conclusions an insistent persuasiveness.

When reading Drucker, one responds not only to the fair-mindedness but also to the obvious grace and cultivation of language. His prose is refreshingly literate; his scope of reference, enormous; his offhanded manner of phrasing significant observations, disarmingly and deceptively simple. One is inclined to believe what Drucker says because one trusts the voice doing the saying: It neither threatens nor perplexes but holds out the promise that even the most complicated topics are malleable to experience, orderly thought, and plain good sense.

Consider, for a moment, the following excerpt from *Management: Tasks, Responsibilities, Practices*. The immediate context is a discussion, perhaps a bit dated, of those situations in which "knowledge professionals" may legitimately receive more in salary than the managers over them:

"There is even an instructive business precedent for this. When Pierre S. du Pont and Alfred P. Sloan, Jr. first attempted, in 1920, to bring order into the chaos of the General Motors Company, they set the same salary for the heads of the operating divisions as for the president, Pierre du Pont. But, at his own request, Sloan received substantially less as the operating vice-president to whom the division heads reported. The manager of a unit composed of career professionals or specialists will, of course, receive more money than most of the men in the unit, but it should not be considered unusual, let alone undesirable, for one or two 'stars' of the group to receive more money than the manager. This can apply as well to salesmen; a star salesman should be expected to make more money than the regional sales manager. It should apply in the research laboratory, and in all other areas where performance depends on individual skill, effort, and knowledge." [9]

Even when this represented a controversial topic and an even more controversial point of view, Drucker so presented it as to make it appear reasonable and cogent. How does he accomplish this? First, he makes alien ground familiar by citing appropriate precedent from the history of General Motors. Second, he reports the central action (what Sloan did) in such a way ("at his own request") that he transforms an abstract issue of structure into a more tangible one of managerial judgment. Third, he generalizes the assumptions on which Sloan's judgment was founded, translating them back into structural terms. Fourth, he suggests their potential range of application. Finally, he distills from them their essential, defining principle .

Distance Has Been Eliminated

Drucker's process of discussion, then, is to establish relevant precedent, make it comprehensible in human terms, articulate its organizational implications, define its limits, and make clear what it is really about. His mind plays over the issue at hand, looking at it from various perspectives, indicating now this, now that aspect of importance. Drucker engages the reader by a tour de force of reflection but convinces him, if at all, by a tone of responsible authority and a commonsense flow of reasoning.

Rhetorical firepower

Such are the mechanics of a typical piece of Drucker's prose. He does not drag the reader kicking and screaming toward some undesired conclusion. To the contrary, he gently takes him by the arm and walks about with him until his conclusion appears a most reasonable place to go. His step along the way is usually calm, measured, deliberate. But not always. Every now and then he breaks into a flag-waving charge up some rhetorical San Juan Hill. Here, for instance, is Drucker in full stride on the issue of profits:

"In fact, the concept [the all-too-familiar equation of profits with the profit motive] is worse than irrelevant: it does harm. It is a major cause for the misunderstanding of the nature of profit in our society and for the deep-seated hostility to profit which are among the most dangerous diseases of an industrial society. It is largely responsible for the worst mistakes of public policy—in this country as well as in Western Europe—which are squarely based on the failure to understand the nature, function, and purpose of business enterprise. And it is in large part responsible for the prevailing belief that there is an inherent contradiction between profit and a company's ability to make a social contribution. Actually, a company can make a social contribution only if it is highly profitable. To put it crudely, a bankrupt company is not likely to be a good company to work for, or likely to be a good neighbor and a desirable member of the community—no matter what some sociologists of today seem to believe to the contrary." [10]

There are no two ways about it: This is angry, immoderate prose. True, its immediate context is a reasoned discussion of the logical difference between terms like the "profit motive," which refer to psychological realities, and terms like "profitability," which refer to abstract standards of entrepreneurial measurement. And true, its more general context is the group of passages scattered throughout Drucker's works that argue a strong case for profits as an essential premium against the risks of the future.

Nevertheless, this is angry prose. Its incremental rhythms are those of the pulpit; its logic collapses long sequences of cause and effect into simple trigger mechanisms; its dismissive tone gives no quarter to doubters. It may be a significant departure from Drucker's rhetorical norm, but it is neither accidental nor ineffective. It is flag-waving with a purpose.

As Drucker well knows, language instructs and animates not only by convincing the reason but also by breaking down or through a recalcitrant will. When the stakes are high enough and the intellectual stubbornness of some in his audience great enough, Drucker will take the reader by force, breaching accustomed defenses with sheer rhetorical firepower. He does not often make such an attempt, but he is a good enough verbal tactician to carry it off when he does.

Moral Concerns

Even with passages like this in front of them, a number of Drucker's critics have taken him to task for what they see as a conspicuous lack of passion in his thought, a certain detachment from his material. They are quite wrong. There is an immense difference between a dispassionate and a nonpassionate intelligence. Drucker's studied objectivity reflects a genuine commitment to dispassionate, though hardly nonpassionate, reason. Indeed, much of his thought reflects a terrible urgency of moral purpose. Drucker is so deeply concerned about the profession of management because he is profoundly afraid of what might happen if the major institutions of Western society fail in their essential responsibilities.

As any halfway attentive reader of Drucker's earlier books or his recent autobiography cannot help but notice, the lessons of fascism in Italy and national socialism in Germany have not been lost on him. That traumatic passage of history is continually present to his mind in a way simply not possible for other writers on management who are both younger in years and American by birth. (Drucker was born in Vienna, Austria, in 1909.) They can never share the shattering immediacy of his sense of the price paid by twentieth-century society for institutional failure.

In today's world, Drucker believes, the human freedoms most genuinely cherished depend to a great extent for their protection on large-scale organizations. When successful, those organizations allow for a large measure of the human fulfillment now available to Western man. They provide the main stage for achievement of personal freedom and for assumption of responsibility through self-control. If the institutions of business *cannot* meet the cumulative needs of economic performance, society, and the individual, nothing stands between any of us and the forces of chaos and terror. No wonder, then, that Drucker puts such great emphasis on the character of managers and on the immense responsibilities they bear.

What to Read

Given the disposition to read Drucker, but with limited time, to which of his books should you turn? The choice is unusually difficult because Drucker has not only written many, but many different kinds of books. They do, however, fall roughly into four separate groupings: social and political thought, analyses of the profession of management and of the institutions of business, informed speculations on those

contours of the future already visible in the present, and how-to primers for certain business-related tasks. Some titles, of course, fit into more than a single grouping; a few do not fit neatly into any of them.

First among the books of social and political thought is *The End of Economic Man* , Drucker's remarkably even-handed treatment of twentieth-century European fascism. Two further publications complete the cycle of thought there begun: *The Future of Industrial Man* , [11] which addresses the central problem of legitimate authority in modern institutions, and *The New Society* , [12] which sketches an idealized vision of industrial citizenship. *Men, Ideas and Politics* , one of Drucker's several collections of essays, offers a certain number of grace notes, including novel reflections on Søren Kierkegaard, John C. Calhoun, and Henry Ford.

The books on management proper also form a cycle of thought. *Concept of the Corporation* is Drucker's pathbreaking study of General Motors. *The Practice of Management*[13] and *Management: Tasks, Responsibilities, Practices* are perhaps his two most famous contributions to the study of management as a professional discipline.

In the third group fall two collections of essays, *America's Next Twenty Years*[14] and *Technology, Management and Society* , as well as *Landmarks of Tomorrow* , [15] all of which pretty much deliver what their titles suggest. *The Age of Discontinuity* identifies and assesses radical changes in the foundations of the modern world. By contrast, *The Unseen Revolution* —much faulted as it has been for confusing ownership with control—considers a different, though no less radical, sort of change: the development of what Drucker calls "pension fund socialism" in America. [16]

Finally, there are the how-to books: *Managing for Results* , with its emphasis on tactics for improving economic performance, and *The Effective Executive* , [17] with its suggestions for making executives more effective managers of both themselves and others.

Drucker's most recent book, his autobiographical *Adventures of a Bystander* , belongs to none of these categories. [18] No matter. The cast of characters among whom Drucker moves, especially in the European chapters, is superbly rich, and the informed glimpse he provides of a vanished social and political universe is an education in itself. *Adventures* is often better than a novel, more lively than an essay, and as thoughtful as both at their best. *The Age of Discontinuity* is in the same class. This, too, offers pleasure reading, albeit of a different sort. It is becoming ever more important for top managers to think productively about the significant shape of the future, and *Discontinuity* provides an endlessly provocative model for doing so.

If ever there is time enough and the mood of reflection is with you, work your way slowly through *The Future of Industrial Man* . This is Drucker's vision of the central

problems facing industrial society—those of freedom and legitimacy—which do not appear nightly on the television news.

Most important of all is *The Practice of Management* , Drucker's best book on the managerial profession. Far more crisp than the larger compendium on *Management* , nicely balanced between precept and example, this book is eminently practical yet of genuine intellectual breadth. If Drucker's work holds anything of immediate value for you, you will most likely find it here.• • •

Remember, however, that the greatest value of reading Drucker consists in a sustained exposure to the disciplined activity of his mind—and not merely to the paraphrasable substance of his ideas. The ideas, of course, are there in abundance and are certainly worth close attention. But as Dr. Johnson (that great eighteenth-century humanist) well understood, the truly important thing with books is not to pluck their individual blossoms but to "grasp the Trunk hard only, and you will shake all the branches." In the work of Peter Drucker, grasp hard the discipline of mind.

To read more on Peter Drucker's legacy, please visit: http://hbdm.harvardbusiness.org/hbr/drucker/index.html

1. *Managing for Results* (New York: Harper & Row, 1964), pp. 31-32.

2. *Concept of the Corporation* (New York: John Day, 1946), pp. 209-229.

3. Ibid., p. 219.

4. *The End of Economic Man* (New York: John Day, 1939).

5. "Keynes: Economics as a Magical System," in *Men, Ideas and Politics* (New York: Harper & Row, 1971), p. 235.

6. "Technological Trends in the Twentieth Century," in *Technology, Management and Society* (New York, Harper & Row, 1970), p. 55.

7. For Drucker's analysis of Japanese management, see, "Japan Tries for a Second Miracle," and "What We Can Learn from Japanese Management," in *Men, Ideas and Politics* , and *Management: Tasks, Responsibilities, Practices* (New York: Harper & Row, 1974), Chapter 20.

8. *The Age of Discontinuity* (New York: Harper & Row, 1969). See also the preface to the paperback edition (New York: Harper & Row, 1978).

9. *Management: Tasks, Responsibilities, Practices* , p. 397.

10. Ibid., pp. 60-61.

11. *The Future of Industrial Man* (New York: John Day, 1942).

12. *The New Society* (New York: Harper & Row, 1950).

13. *The Practice of Management* (New York: Harper & Row, 1954).

14. *America's Next Twenty Years* (New York: Harper & Row, 1957).

15. *Landmarks of Tomorrow* (New York: Harper & Row, 1959).

16. *The Unseen Revolution* (New York: Harper & Row, 1976).

17. *The Effective Executive* (New York: Harper & Row, 1967).

18. *Adventures of a Bystander* (New York: Harper & Row, 1979)

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Managing Oneself
Peter Drucker
Harvard Business Review (1999)
What are my strengths?
Feedback analysis
Write down the outcome you expect
9-12 months later: compare results
Build on your strengths
The second half of your life
3 ways to develop a second career:
Start one by moving over
Develop a parallel career
Be a social entrepreneur/organizer

PETER DRUCKER CHALLENGE

Awards 2024

{https://www.druckerchallenge.org/awards-2024/}

Gold Award Winner of the Drucker Challenge 2024

- A cash prize of 2.000 EUR

ADDITIONAL BENEFITS

- Complimentary in-person pass for the 16th Global Peter Drucker Forum, to be held in Vienna, Austria on 14th and 15th November 2024
- Invitation to attend the Gala Event with Awards Ceremony and to participate in a cultural program
- Opportunity to win the Special Recognition Award for the most original essay
- Certificate with ranking
- Invitation to join the Drucker Challenge Alumni Community on social media networks
- One year digital subscription to the Harvard Business Review
- Publication: Ranking list, link to your essay, your photo and bio on www.druckerchallenge.org. Your essay may be re-published by your university/company with credits given to Peter Drucker Society Europe
- Funding of travel expenses: Your international travel and accommodation costs for attending the Forum will be reimbursed based on our travel process and policy. Please read the policy terms carefully to avoid travel contingencies.

Shortlisted

Silver Award of the Drucker Challenge 2024

- A cash prize of 1.200 EUR

ADDITIONAL BENEFITS

- Complimentary in-person pass for the 16th Global Peter Drucker Forum, to be held in Vienna, Austria on 14th and 15th November 2024
- Invitation to attend the Gala Event with Awards Ceremony and to participate in a cultural program
- Opportunity to win the Special Recognition Award for the most original essay
- Certificate with ranking
- Invitation to join the Drucker Challenge Alumni Community on social media networks
- One year digital subscription to the Harvard Business Review
- Publication: Ranking list, link to your essay, your photo and bio on www.druckerchallenge.org. Your essay may be re-published by your university/company with credits given to Peter Drucker Society Europe
- Funding of travel expenses: Your international travel and accommodation costs for attending the Forum will be reimbursed based on our travel process and policy. Please read the policy terms carefully to avoid travel contingencies.

Shortlisted

Bronze Award of the Drucker Challenge 2024

- A cash prize of 1.000 EUR

ADDITIONAL BENEFITS

- Complimentary in-person pass for the 16th Global Peter Drucker Forum, to be held in Vienna, Austria on 14th and 15th November 2024
- Invitation to attend the Gala Event with Awards Ceremony and to participate in a cultural program
- Opportunity to win the Special Recognition Award for the most original essay
- Certificate with ranking
- Invitation to join the Drucker Challenge Alumni Community on social media networks
- One year digital subscription to the Harvard Business Review
- Publication: Ranking list, link to your essay, your photo and bio on www.druckerchallenge.org. Your essay may be re-published by your university/company with credits given to Peter Drucker Society Europe
- Funding of travel expenses: Your international travel and accommodation costs for attending the Forum will be reimbursed based on our travel process and policy. Please read the policy terms carefully to avoid travel contingencies.

Shortlisted

Those who placed Fourth to Tenth in the Student and Professional category

BENEFITS

- Complimentary in-person pass for the 16th Global Peter Drucker Forum, to be held in Vienna, Austria, on 14th and 15th November 2024
- Invitation to attend the Gala Event with Awards Ceremony and to participate in a cultural program

BENEFITS

- the Special Recognition Award for the most original essay
- Certificate with ranking
- Invitation to join the Drucker Challenge Alumni Community on social media networks
- One year digital subscription to the Harvard Business Review
- Publication: Ranking list, link to your essay, your photo and bio on www.druckerchallenge.org. Your essay may be re-published by your university/company with credits given to Peter Drucker Society Europe
- Funding of travel expenses: Your international travel and accommodation costs for attending the Forum will be reimbursed based on our travel process and policy. Please read the policy terms carefully to avoid travel contingencies.

Longlisted

Those who placed between Eleventh and Fifteenth

BENEFITS

- If you qualified for the Second Round of judging without being shortlisted you must make your own arrangements for travel and accommodation in order to attend the Forum in person. Please read the policy terms carefully to avoid travel contingencies. You will be eligible to win the Special Recognition Award for the most original essay
- Certificate

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Also visit:

01] https://nriwelfaresocietyindia.com/peter-drucker-management-excellence-award.php

02] https://gsom.spbu.ru/en/students/projects/druckeraw/

Global Leaders

Global Leadership

Global leadership is defined as leading people who are based in multiple regions of the world. They need to engage very diverse and distributed groups of stakeholders and colleagues to get things done. Global leaders need to lead people across 5 additional barriers – distance, cultures, time zones, communicating through technology and navigating complex organization structures such as the matrix or network organization.

- They lead people in highly distributed virtual teams.
- The team will have members from a range of different cultures with different expectations and ways of working.
- Global teams operate across time zones and operate mainly through communication technology, which can introduce new challenges with coordination and communication.
- Global teams normally operate within an international organization structure such as a matrix.

Global leaders need to create a good understanding of where it adds value to be global and where it is better to be local. They need the style flexibility to lead people with very different expectations about leadership, but also the resilience and authenticity to stand for something.

Leading globally is a big step up in complexity and people need to develop the mindset and skill set required to succeed in this complex environment.

In Search of Global Leaders

by

Stephen Green, Fred Hassan, Jeffrey Immelt,
Michael Marks, and Daniel Meiland

{https://hbr.org/2003/08/in-search-of-global-leaders}

Summary

For all the talk about global organizations and executives, there's no definitive answer to the question of what we really mean by "global." A presence in multiple countries? Cultural adaptability? A multilingual top team? We asked four CEOs and the head of an international recruiting agency—HSBC's Stephen Green, Schering-Plough's Fred Hassan, GE's Jeffrey Immelt, Flextronics's Michael Marks, and Egon Zehnder's Daniel Meiland—to tell us what they think.

They share some common ground. They all agree, for example, that the shift from a local to a global marketplace is irreversible and gaining momentum. "We're losing sight of the reality of globalization. But we should pay attention, because national barriers are quickly coming down," Daniel Meiland says. "If you look ahead five or ten years, the people with the top jobs in large corporations…will be those who have lived in several cultures and who can converse in at least two languages."

But the CEOs also disagree on many issues—on the importance of overseas assignments, for instance, and on the degree to which you need to adhere to local cultural norms. Some believe strongly that the global leader should, as a prerequisite to the job, live and work in other countries. As Stephen Green put it, "If you look at the executives currently running [HSBC's] largest businesses, all of them have worked in more than one, and nearly all in more than two, major country markets." Others downplay the importance of overseas assignments. "Putting people in foreign settings doesn't automatically imbue new attitudes, and it is attitudes rather than experiences that make a culture global," says Fred Hassan.

The executives' essays capture views that are as diverse and multidimensional as the companies they lead

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For all the talk about global organizations and executives, there's no definitive answer to the question of what, exactly, we mean by "global." A presence in multiple countries? Cultural adaptability? A multilingual executive team? We asked four CEOs and the head of an international recruiting agency—all leaders of companies that would by any definition be characterized as global—to contribute their thoughts.

They found some common ground. All agreed, for example, that the shift from a local to a global marketplace is irreversible and gaining momentum. And most felt that personal attention from senior management was a critical factor in developing global capabilities. But they differed in other respects—on issues such as the importance of overseas

assignments and the degree to which businesspeople need to adhere to local cultural norms. Their essays, which follow, capture a range of ideas that are as diverse and multidimensional as the companies they run.

Stephen Green
Group CEO, HSBC

When I joined HSBC in 1982, it was essentially an Asian company, although it did own 51% of Marine Midland Bank in New York. We had around 30,000 employees at that time, mostly English and Cantonese speakers. Today's HSBC is a very different organization, employing some 215,000 people across the globe. Of the United Nations' six official languages, our employees are very well represented in all but one.

We expanded mostly by means of acquisition, starting with the Midland Bank in the UK—a deal that doubled the size of HSBC, gave us a European presence, and broadened our range of services. Later, we also bought CCF in France. Outside Europe, our acquisitions included Bamerindus in Brazil, Grupo Financiero Bital in Mexico, and, this year, Household Finance in the United States. Today, our assets are evenly distributed between Europe, Asia, and the Americas. We are unusual among the world's largest banks in that significantly less than half our profits come from any one jurisdiction. Even the largest banks typically have three-quarters or more of their profits coming from one home base. In 2002, no single jurisdiction accounted for more than 40% of our profits.

> **"We don't look so much at what or where people have studied but rather at their drive, initiative, cultural sensitivity, and readiness to see the world as their oyster." —Stephen Green**

Despite the enormous changes in its demographics and business, HSBC has retained a remarkably consistent corporate identity. That's largely because of the way we develop our senior management team. No one gets to the top at HSBC without having worked in more than one market. If you look at the executives currently running the company's largest businesses, all of them have worked in more than one, and nearly all in more than two, major country markets. We strongly believe, as many others do, that travel broadens the mind. And if travel alone does that, just think how much more you get from living and working in different countries.

Most of our recruits are recent university graduates. We tend not to go out of our way to look for MBAs or people in their thirties. In fact, I think it's a mistake for companies to have too much of their top talent join their organizations in mid-career. (Though I should admit that I was a mid-career recruit myself!) Our recruitment process is sophisticated, involving a complex process of tests, interviews, and exercises. We don't look so much at what or where people have studied but rather at their drive, initiative, cultural sensitivity, and readiness to see the world as their oyster. Whether they've studied classics, economics, history, or languages is irrelevant. What matter are the skills and qualities necessary to be good, well-rounded executives in a highly international institution operating in a diverse set of communities.

In fact, HSBC has long been famous for its cadre of global executives, formerly known as international officers. We now call them international managers, which sounds less militaristic. They are hired with the expectation that they will spend their entire careers with the institution and also be very mobile. But we don't limit our international development to these managers. HSBC will give any promising executive who expresses

an interest in gaining international exposure the opportunity to work overseas. Take the chief operating officer of our UK business. He's a Welshman in his early fifties. Until about five years ago, he had never worked outside the United Kingdom—for his entire career, he had been a UK-based executive at the former Midland Bank. One day, he put his hand up and said, "I'm willing to go overseas," and so we made him country manager for India. He spent three years there and took to it like a duck to water, later becoming country manager for Malaysia, one of our biggest Southeast Asian businesses, before taking up his current job.

Twenty years ago, most of our top recruits came from British schools and universities, and today's top team reflects that bias. But we now have many able non-British managers in our ranks due to recent acquisitions. Today, we recruit at 68 universities worldwide, this year hiring people from 38 different countries, so that our team of the future will be much more representative of our geographic spread of businesses.

Because of our recruitment and development practices, many of our people have worked in multiple countries—some emerging, some developed—and in different sorts of businesses, from retail and wholesale to banking and insurance. These global employees act as a kind of organizational glue for the company.

The fact that they have all had those experiences also means that many of them have a great deal in common. A British manager with international experience will tend to identify more with a Japanese manager with international experience than he will with another manager who has worked in only her home country. But that doesn't mean that we're trying to develop identikit managers. Far from it. If, for example, my French colleagues lost their Frenchness or my Brazilian colleagues lost their Brazilian-ness, life would be a lot duller, and HSBC would be a lot less profitable. We prize our diversity. That's all part of the richness and fun of working together, and it's what makes us so creative and responsive to our clients' needs.

Fred Hassan
Chairman and CEO, Schering-Plough

In the 1960s and 1970s, conventional wisdom held that the way to create a global culture was to move employees around and place them in multiple cultures. But that system often didn't work very well; putting people in foreign settings doesn't automatically imbue new attitudes, and it is attitudes rather than experiences that make a culture global. Recruiting people with the "right" education or with foreign language skills doesn't guarantee that people have the right attitude either. I've met many people who speak three or four languages yet still have a very narrow view of the world. At the same time, I've come across people who speak only English but have a real passion and curiosity about the world and who are very effective in different cultures.

Having a global attitude is not the same as being able to imitate local styles. It's just as important for managers to be themselves. I spent 17 years working for a Swiss company as a U.S. resident. In the 1970s, it was considered forward in Switzerland to address people by their first names. But while I would address my superiors using their last names, with my peers and subordinates I followed the U.S. standard of using first names. People were okay with this because they knew I was not being false. Being yourself while also showing interest and openness is at the heart of a global attitude.

In the research-based pharmaceuticals industry, employees must have global attitudes if their companies are to survive. And in my new role leading Schering-Plough, I will focus

on building those attitudes. Our industry is product driven. We have long lead times—it can take five to 15 years for a new product to be born. Individual product bets are into hundreds of millions, if not billions, of dollars. Once you've got an idea that's been turned into a product, you need to pay back the high cost of R&D, so you need to sell it around the world. Good ideas can come from anywhere, and good products can be sold anywhere. The more places you are, the more ideas you will get. And the more ideas you get, the more places you can sell them and the more competitive you will be. Managing in many places requires a willingness to accept good ideas no matter where they come from—which means having a global attitude.

Creating a global attitude was at the heart of the turnaround I led as CEO of Pharmacia & Upjohn. When I joined the company in 1997, it had just gone through the very difficult merger of the U.S.-based Upjohn and the Sweden-based Pharmacia. It was difficult largely because of the serious disconnect between the two corporate cultures—not at all unusual when you bring together two large companies, especially if they're based in different countries. The cultural differences seriously undermined the newly merged company's ability to exploit its winning products. Our research labs in Kalamazoo, for example, had developed an excellent new antibiotic called Zyvox. But the drug was being ignored by many country managers in Europe because they lacked confidence in Kalamazoo's ability to do research.

> **"The CEO has to see himself as the chief developer of talent, no matter how large the company." —Fred Hassan**

We went through a big change process at Pharmacia & Upjohn to end that kind of thinking. We established new performance expectations that measured how well our employees demonstrated open-minded behaviors, including shared accountability, transparency, and collaboration across geographies. We called this behavior-based management and made it central to performance evaluation.

I invited executives to reflect on these new expectations and to decide whether they were on board. In the end, 12 of the top 20 executives were moved out of their positions. The others stayed on, and the team became very productive because its members all shared a strong commitment to behavior-based management. After the changes, Zyvox was approved and was rolled out in just 12 months in all three major drug markets. In the past at that company, you would have seen very little interest abroad, and even introducing it in one market would have taken years.

My experience with that change process convinced me that identifying and developing people with global attitudes requires personal involvement from the top. The CEO has to see himself as the chief developer of talent, no matter how large the company. In 2000, we merged Pharmacia & Upjohn with Monsanto to create Pharmacia Corporation, a company with about 43,000 employees worldwide. I made it my business to know that large organization's top 200 managers personally—I don't mean the top 200 according to hierarchy, but according to their potential and the degree to which they contributed to the company's goals. Some of these people were quite junior, but I tried to know who they were, what their strengths and weaknesses were, and I looked at their performance evaluations. In my last six months there, I had one-on-one meetings with approximately half of these people.

I also like to be on the front lines to observe how people are working. When I go to a sales meeting, I don't sit with the brass from headquarters; I sit with sales reps. In 2000, I went to the American Society of Clinical Oncology meeting, the biggest oncology

convention in the world. Typically only sales and marketing people attend; I was the only "big pharma" CEO there. All of this contact is time-consuming, but it allows me to keep my ear to the ground, to overcome any hierarchical barriers.

Avon's Andrea Jung takes the same kind of personal approach to identifying and nurturing global talent. She keeps a close eye on high-potential managers even though they may be two or three or four levels below her, and she goes over the list at a private dinner once a year with the board. Her management team is graded not only on how it selects new managers but also on what it does to develop them as contributors to the global community. She's created a very powerful, very effective business culture in a truly global company, which has much of its sales outside North America. In the past, Avon was very decentralized and had many different cultures in different countries. But Andrea was able to strike a balance such that country managers are now very strong and very well plugged in to the local environment but also responsible for passing on best practices to their colleagues in other locations.

That's the essence of a global culture. The country is still important, and the local country manager is in charge and accountable, but he or she is part of a global network and feels a sense of belonging. I once met with some of Pharmacia's local sales reps in a remote town in China. I mentioned that we were rolling out a new stock option program to our sales representatives around the world, and I saw their eyes immediately light up. It wasn't the money or the stock that mattered to them as much as the knowledge that they were receiving some of the same incentives as our U.S. reps.

Jeffrey Immelt
Chairman and CEO, General Electric

A good global company does three things. It's a global sales company—meaning it's number one with customers all over the world, whether in Chicago or Paris or Tokyo. It's a global products company, with technologies, factories, and products made for the world, not just for a single region. And most important, it's a global people company—a company that keeps getting better by capturing global markets and brains.

How do you make all these things happen?

First, human resources has to be more than a department. GE recognized early on—50 or 60 years ago—that in a multibusiness company, the common denominators are people and culture. From an employee's first day at GE, she discovers that she's in the people-development business as much as anything else. You'll find that most good companies have the same basic HR processes that we have, but they're discrete. HR at GE is not an agenda item; it is the agenda.

> **"We devote a lot of time and energy to building up personal networks...You can't be a lone ranger and also be a global manager." —Jeffrey Immelt**

We run the company so that 300,000 people feel the chairman might enter their world at any time. I spend roughly 40% of my time on people issues; so do our other top leaders. I teach at the Learning Center in Crotonville three or four times a month. In the course of a year, I will review, in detail, five or six thousand internal résumés through a process we call Session C. During that session, I'm not locked in a room with executives; I'll see 300 people. And I like to spend time in the field with sales reps who've been identified as having high potential. A swing through Europe is filled with employee meetings—some hard-nosed business reviews, some big customer meetings with sales

reps, and some meetings with factory teams. I try to reach down into the organization very hard, all the time. When I meet people who especially impress me, right away I call our HR director Bill Conaty and say, "I want these three people to get a double dip of stock options." The recognition and reinforcement are immediate. As soon as someone rewards them for their talents, these star performers begin to aim even higher.

Second, we devote a lot of time and energy to building up personal networks. This is a big company in a big world. You can't be a lone ranger and also be a global manager. We spend $1 billion on training, which has the most important benefit of connecting people across the company. We also move people around a lot, for the same reason. When I meet someone, I don't quiz him to see if he can do the job; I expect that. I don't look for smoothness. I don't look for "GE-isms." I look for a person with a great instinctive feel for his market, his business, and his subordinates. I always ask people about their teams. I want people who bring other people with them. When I do a Session C, half the grade I give is to the individuals and half is to their team. I ask, "Who's in your wallet?" I want to see who's in their family, who they brought with them in their career. Some people's wallets have no pictures. Some can pull out a whole family album. That is extremely important.

Third, the culture needs to be performance oriented. Without a meritocracy, you get cronyism and homogeneity rather than a culture open and broad enough to get the best from everybody. We're still too homogeneous, but we've made a lot of progress. When I first joined General Electric, globalization meant training the Americans to be global thinkers. So Americans got the expat assignments. We still have many Americans living around the world and that's good, but we shifted our emphasis in the late 1990s to getting overseas assignments for non-Americans. Now you see non-Americans doing new jobs, big jobs, important jobs at every level and in every country.

A lot of people have said that GE could be more global by moving its headquarters overseas—for example, by moving its medical systems business from Milwaukee to Paris. That's a relic of the strategy of making Americans more global. It's more important to find the best people, wherever they may be, and develop them so that they can lead big businesses, wherever those may be. It's truly about people, not about where the buildings are. You've got to develop people so they are prepared for leadership jobs and then promote them. That's the most effective way to become more global.

The ultimate evidence that a business has become a global people company is the talent it attracts; it matters to us that we get the best talent. We try very hard to provide a company, a set of values, and a culture that employees can be proud of, whether it be in Pittsfield, Paris, Shanghai, or London. We still don't get all the talent we want. In Germany, for instance, we sometimes lose the best talent to Siemens. I go to Germany every time I'm in Europe. I give talks at universities and try to convince people that GE is a better company with more career opportunities. Twenty years ago in Japan, we found it almost impossible to hire people. If a top student told his parents he was going to work for GE, they would just about disown him.

That's changed. The business community has gone global, and it can't go back. Career decisions are no longer based on nationalism. The last time I was in Europe, I visited Insead. These young people want to work for GE—or Citigroup or Goldman Sachs; they don't say, "It's only Siemens for me." I can now recruit great people in Japan. Lee Scott, the CEO of Wal-Mart, tells me his big challenge today is globalization. If he wants to keep growing at the rate he desires, he has to go to Europe, China, and so on. And that's Wal-Mart, good old American Wal-Mart.

Michael Marks
CEO, Flextronics

About ten years ago, right after NAFTA took effect, I had the idea of locating a Flextronics manufacturing plant in Mexico. I clearly remember people saying to me, "Don't do it. That's a siesta culture," implying that any labor or other cost savings to be gained there would be offset by the workers' laziness. I made a trip anyway and checked out three factories, one making cables for the auto industry, one making toasters, and one doing electronic assembly. I came away thinking, "It's not humanly possible to work harder than these people or to produce products faster than this." We built a plant near Guadalajara in 1997, and within five years, its revenues grew to more than $1 billion.

> **"Managers often pick up the impression that the Chinese are good at this, the Germans are good at that, and so on. But I have learned that in every place we operate, in every country, the people want to do a good job. They simply need training." —Michael Marks**

I tell the story because it underscores the corrosive effect of stereotypes and how they undermine good decision making in a business that needs to globalize. To me, the most important criterion for a business leader is that he or she be free of such strong biases. If I heard evidence of that kind of stereotyping in conversations with a job candidate, that would be a big red flag.

Usually, of course, the stereotyping is more subtle. Managers often pick up the impression that the Chinese are good at this, the Germans are good at that, and so on. But I have learned that in every place we operate, in every country, the people want to do a good job. They simply need training. If you show people, for instance, what great manufacturing is, they will work toward it—and I have found that there is no place where people can't do a world-class job.

This isn't to say that we approach every region with a cookie-cutter uniformity. We may need to train workers differently in different parts of the world. We discovered this early on in Guadalajara because the demographics of Mexico are very young—a large percentage of the workforce is under the age of 35. The contrast with Japan, a company with a relatively old workforce, is striking. Training becomes a different proposition when you cannot rely on tacit knowledge transfer from seasoned 50 year olds to greener 30 year olds. Mexico might require a more intense training regimen or a longer time commitment.

Running a global company also means learning how different countries are governed and being able to work with their leaders. This is particularly true for a manufacturer like Flextronics, because most countries, whether developing or developed, tend to want the manufacturing jobs we have to offer. As a consequence, we must be in frequent contact with senior government officials, addressing issues like tax holidays and dollars for training. Consider an issue that the head of our European operation is currently dealing with. A few years back, the Hungarian government agreed to give us a ten-year tax holiday as the result of a $50 million capital investment there. The problem is, Hungary is now trying to gain admittance to the European Union, which won't allow such tax holidays. What will we do about this? It will get worked out, but it's complicated. The head of European operations has to have the skills to deal with such high-level political issues—skills that don't develop in people automatically.

How do we choose leaders with the cultural breadth to conduct such negotiations—and to get past the kind of stereotypes I discussed earlier? The most capable executives I've known have traveled extensively, learned other languages, and have often been educated abroad. But most of them gained their broad perspectives in the course of their work. Flextronics' top management team orchestrates manufacturing activity in 28 different countries and leads sales operations worldwide. The peer group includes a CFO from New Zealand, a CTO from Grenada, a sales executive from Ireland, and business unit heads from Sweden, Great Britain, India, Singapore, and Hong Kong. It's hard to work in such an environment and remain provincial in your outlook.

Increasingly, though, we are seeing that our more junior executives have this kind of multicultural exposure as part of their upbringing. Today's 30 year olds grew up in a different world from their parents', with much greater ease of travel, more education abroad, and technologies like the Internet and cell phones affording more lines of global communication. Dream résumés that show, say, an upbringing in Paris, a Harvard MBA, and summer internships in Japan are becoming more and more common among young job applicants.

As a result, there is much more uniformity among young managers around the world. Imagine pulling together 30 people from 30 different countries, all in their thirties. Chances are, they would all interact quite easily—and that isn't because young people tend to be fairly open-minded. It's because there's been a major shift in thinking from the last generation. And that shift will make the task of developing global leaders easier with each passing year. In another two decades, an American is not going to stop to consider that he is dealing with someone from Japan. A strong leader will be just that—a strong leader—whether Brazilian or Malaysian. The global part of leadership will be a given.

Daniel Meiland
Executive Chairman, Egon Zehnder International

The world is getting smaller, and markets are getting bigger. In my more than 25 years in the executive search profession, we've always talked about the global executive, but the need to find managers who can be effective in many different settings is growing ever more urgent. In addition to looking for intelligence, specific skills, and technical insights, companies are also looking for executives who are comfortable on the world stage.

> **"Many companies still believe the best way to help managers develop a global mind-set is to put them in positions in other countries. But that hasn't been very effective, primarily because companies station people abroad and then forget about them." —Daniel Meiland**

And yet we have a lot to learn. Over the years, about half of our big searches have been for people with truly international experience, but in only a small fraction of those cases did we end up hiring foreigners to the country where an organization was based. Many companies haven't been all that successful at developing global executives from within either. The intentions are good, but the fact is, practice hasn't caught up with intent.

One problem is that many companies still believe the best way to help managers develop a global mind-set is to put them in positions in other countries. But that hasn't been very effective, primarily because companies station people abroad and then forget about them. If anything, advancement is even more difficult for the expat when he returns to

headquarters, having missed out on opportunities to network with top management. Also, many people have reasons for not wanting to hop from location to location. For one, it's easier to develop client relationships if you stay in one place for an extended period of time. Those client relationships can be very important when it comes to getting promoted.

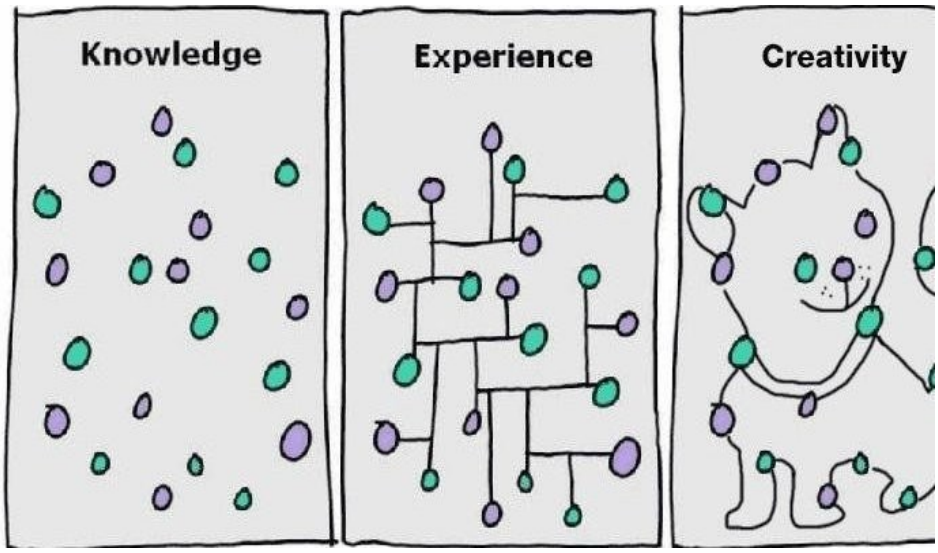
The companies that do handle these rotations well—Shell and General Electric come to mind—track their people carefully over the course of many years. GE has systems for examining people's work histories and designing their next steps toward becoming global leaders. And Shell has done a particularly good job of giving people not only major responsibilities abroad but also great opportunities for advancement when they return. Another example is McKinsey consulting, which in 1994 elected Rajat Gupta as the first non-American to run the firm. Gupta is a truly global executive and has shown a great deal of cultural sensitivity.

Cultural sensitivity doesn't always come naturally, so developing global executives often requires helping people to see their own biases. Many years ago, when I first started at Egon Zehnder International, I was working on an assignment in the greater China area, and I criticized a team member directly for the way he handled a project. I was told later that in China it's not good to criticize someone face-to-face; it ends up being counterproductive, and there are other ways to get the message across. This is fairly common knowledge today, but back then it was not. The feedback I got was critical to developing my own cultural sensitivity.

But while you need to be aware and accepting of cultural norms, you also need to remember that people are pretty much the same everywhere. The respect you must show for different cultures isn't all that different from the respect you must show to people in your own culture. The executive who truly respects his employees and peers as human beings will always win. Find reasons to praise performance and to show a real interest in your employees—not just when and where it matters to you personally, say, at headquarters, but with everyone, at every level. And you should always be genuine.

Developing a global mind-set and learning about other cultures are important for your career, of course, but they're also enriching on a very personal level. We all need to experience other cultures and ideas to grow as individuals. And to some degree, that individual growth intertwines with the professional. An American, the new CEO of Zurich Financial brought with him a true and very personal love of various cultures. And he came from a very different industry—consulting and auditing. Put together, his diverse personal and professional experiences have given him unique and insightful perspectives on the company's challenges.

We're living in a special time, with our minds on war and terrorism, and we're losing sight of the reality of globalization. But we should pay attention, because national barriers are quickly coming down. If you look ahead five to ten years, the people with the top jobs in large corporations, even in the United States, will be those who have lived in several cultures and who can converse in at least two languages. Most CEOs will have had true global exposure, and their companies will be all the stronger for it.

" How did I deduce our visitor was a Senior IT Executive? It's simple my dear Watson, he was replying to my objective questions with lengthy, irrelevant and confusing answers."

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